

# INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Monday, December 5, 1994

No. 34,763

## Israel Puts Pullout From West Bank Into Doubt

**Rabin Losing Support As Terror Attacks Fuel Anger Over Peace Pact**

By Barton Gellman

Washington Post Service

JERUSALEM — Fourteen months after reaching a limited peace with the Palestine Liberation Organization, Israel's governing Labor Party leadership has concluded that the next steps toward peace, including the withdrawal of the army from the occupied West Bank, cannot proceed in the way that Israel agreed to in the accord signed on the White House lawn.

Last week, Israel handed over the last of five agreed self-rule powers to Palestinians in the occupied West Bank, permitting them to collect their own taxes and manage their own hospitals and medical clinics. But the real centerpiece of the agreement — pulling Israel's army out of Arab towns and villages — is now in doubt.

Prime Minister Yitzhak Rabin debated the most graceful way to extricate himself from that promise at a cabinet meeting on Sunday, six days before he flies to Oslo to receive the Nobel Peace Prize. Senior members of his government and the Labor Party made contradictory proposals last week, but all appear to agree that withdrawal of the army in the foreseeable future is impractical.

[Israel's military intelligence chief, General Uri Sagiv, told the cabinet on Sunday that rival armed factions were turning the Gaza Strip into another Lebanon. Agence France-Presse reported. The economic management of the authority was also deficient, according to General Sagiv, who was addressing ministers as part of the debate on how to ensure security under the next stage of Palestinian autonomy. The discussions on the issue are expected to continue Wednesday.]

What is driving the renewed debate is first and foremost a decline in public support for Mr. Rabin's Labor coalition. Some cabinet ministers say openly that public outrage at a two-month surge in terrorist attacks, which is expressing itself as disapproval of the peace pact with Yasser Arafat, the PLO chairman, could cost Labor the 1996 election.

"The people aren't willing to participate in the risks that the government is willing to take to advance peace," said Nissim Zvili, the Labor Party secretary-general and a member of Parliament. Mr. Zvili said the government did not have an answer to terrorism and should halt the peace talks where they are for another "two years, meaning after the election."

Mr. Rabin has not endorsed that view, but he is signaling strong reluctance to withdraw the armed forces, as the agreement mandates, from "populated areas" of the West Bank. That withdrawal was scheduled to take place before the Palestinians held elections for their self-rule authority, elections that were supposed to have been held before now.

Nabil Abu Irdeneh, an adviser to Mr. Arafat, noted that the PLO leader was facing internal challenges. "We need this election," he said, to beat back critics from the Islamic Resistance Movement who oppose Mr. Arafat's accord with Israel.

Israelis "are under pressure, and we are

See PEACE, Page 4



Israeli policemen arresting a Druze cleric in Jerusalem during a protest Sunday by several thousand Druze. Nine policemen and several protesters were injured.

YANN LEMERRE/Agence France-Press

## In Somalia, It's as if Intervention Didn't Happen

By Keith B. Richburg

Washington Post Service

MOGADISHU, Somalia — The ubiquitous "technicals" are back — pickup trucks mounted with anti-aircraft guns once again roving the dusty, rubble-strewn streets.

Back, too, are the swaggering young men in T-shirts and sandals, with Kalashnikov rifles slung over their shoulders, extorting money from passing vehicles at makeshift roadblocks.

Traveling around the streets of Somalia's capital today is strikingly reminiscent of the days in 1992, when chaotic warfare among rival militias plunged Somalia into anarchy and a famine that prompted a U.S.-led military intervention.

Once again, to traverse Mogadishu,

travelers must hire a carload of armed thugs, hoping they will deliver protection for a hundred bucks a day, plus time off for lunch.

And here are most of the foreign troops who manned sandbagged checkpoints — although the sandbags are still there. "I think the looters use them," one Somali said of the deserted bunkers.

U.S. Marines first landed on the beaches of this port city two years ago this week to launch Operation Restore Hope, a humanitarian mission aimed at ending the devastating famine and imposing some order on the chaos. Billions of dollars were spent and 36 Americans killed before U.S. combat forces were pulled out in March.

Today, there is no famine in Somalia — the country is enjoying record har-

vests — and no open warfare for the moment. But the capital is bracing for a new clan war that most Somalis and foreigners fear is inevitable.

And the United Nations — technically in command of the operation since May 1993, but really only in charge since the Americans left — has been reduced to irrelevance. The UN mission is due to pull out early next year, and its leaders appear to be more concerned with planning that withdrawal than with what is happening outside the fortified UN compound.

Many Somalis say they see few tangible benefits from two years of foreign military intervention. "The United States has spent a lot of money, but we don't see where all that money has gone," said Ahmed Sheik Ibrahim, 33,

"The Americans have shown a bit of kindness to us. But we never got any money from them."

Now, outside the gates of the sprawling UN compound, unemployed young men, disgruntled job-seekers and hangers-on watch angrily as millions of dollars of equipment — and with it, their hopes — is locked in crates and loaded onto trucks to be shipped away.

"There's no one getting assistance from the UN," said Ahmed Mahamud Farah. "There's fighting in Somalia every day. There's refugees. If they're not helping these people, they should just get on their boats right now and go."

One African diplomat who has been trying to mediate between the factions

See SOMALIA, Page 4

### Kiosk

#### France Detains Libyan in Probe

PARIS (Reuters) — A Libyan intelligence agent is being held in France in an investigation into the 1989 mid-air bombing of a French DC-10 airliner in which 171 people died, an Interior Ministry spokesman said Sunday.

He said Ali Omar Mansour was detained on Thursday in Paris and would be handed over on Monday to the anti-terrorist magistrate, Jean-Louis Bruguiere, for questioning.

"He is an officer in the intelligence service," the spokesman said. The Libyan news agency JANA, monitored in Cairo, said he was "an innocent citizen" on a visit to France for medical treatment.

Books  
Bridge

Page 4  
Page 4

## Yeltsin Faces NATO at Budapest Summit

Compiled by Our Staff From Dispatches

BUDAPEST — President Boris N. Yeltsin of Russia made it clear Sunday that he would use a European security summit meeting to drive home Moscow's opposition to the expansion of NATO.

Mr. Yeltsin's remarks, on the eve of the 52-nation conference, underscored the difficulties that leaders will have in agreeing on ways to maintain and enhance European security in the post-Cold War era.

The Bosnian conflict, raging not far from Hungarian borders, remains a glaring reminder of instability in Europe.

Mr. Yeltsin and leaders from the United States, Canada, Europe and the former

Soviet Union began gathering here Sunday for a two-day meeting of the Conference on Security and Cooperation in Europe.

The meeting will try to agree on ways to prevent more Yugoslav-style conflicts, but Russia's concerns that NATO plans to take in East European states would leave it isolated, disagreements about peacekeeping in the former Soviet Union, and differences over Bosnia are now likely to dominate the meeting.

President Bill Clinton is to pay a brief visit Monday. Secretary of State Warren M. Christopher arrived Sunday.

"The president and others will be working to try to strengthen CSCE in order to

be able to deal with future crises like Bosnia in a more effective way," Mr. Christopher said before meeting Foreign Minister Laszlo Kovacs of Hungary. "That should be a measure of this meeting."

But Mr. Christopher said there would be no return to the confrontation of the Cold War period.

"We're working together on a number of problems," he said. "We will always have areas of disagreement, we will always have things to talk through and work through together as two major powers naturally do."

Russia wants a commanding role in Europe.

See CSCE, Page 4

## For Palestinians in Gaza, There's a New Foe: Arafat

By Youssef M. Ibrahim

New York Times Service

GAZA — Gaza's jails provide a barometer of just how far Yasser Arafat has fallen in his own homeland.

Palestinians taunt their jailers, the authority of Mr. Arafat's Palestinian Authority, by addressing them in Hebrew.

In interrogation sessions, jailed Islamic militants begin their answers to Palestinian investigators with "katzin," the Hebrew word for officer. Some answer only in Hebrew, which they learned from years spent in Israeli jails.

"It's hurting them," said a member of Hamas, the Islamic resistance movement, who was recently released from jail.

"We are breaking them down," he said. "Some avert their eyes, can't look at you straight. Others become aggressive. But their morale is sinking. By the time they let us go, they have little doubt Palestinians hold them in contempt as Israel's new henchmen in Gaza."

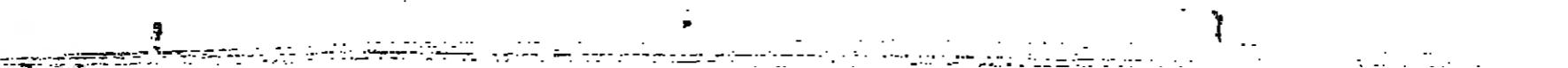
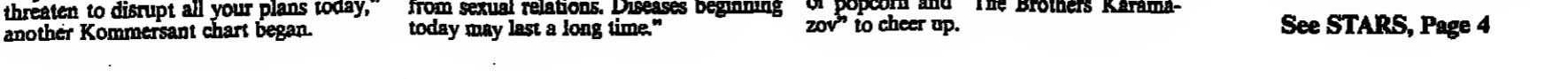
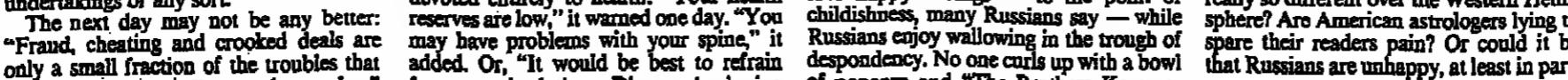
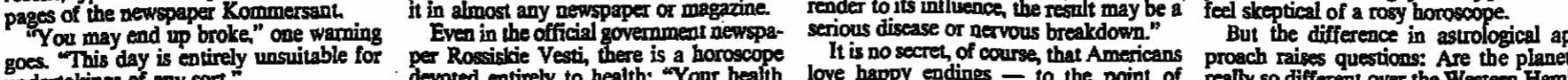
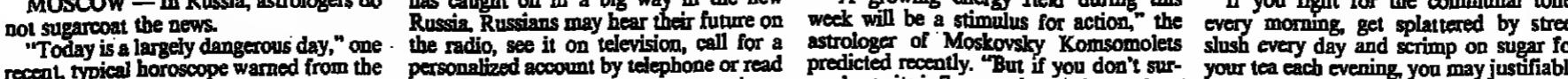
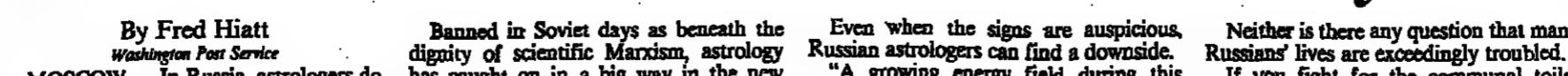
The Hamas message is painfully blunt: the tactic effective and the impact widespread.

In Gaza and increasingly in the West Bank, Palestinians who once regarded Israel as the sole enemy have come to see the

See ARAFAT, Page 4



CLEAR THE WAY — Alberto Tomba racing to victory Sunday in the World Cup slalom at Tignes, France. Page 19.





# THE AMERICAS / COUNTING CRIMES

## Most Murder Victims Killed by Strangers

Compiled by Our Staff From Dispatches

WASHINGTON — The FBI on Sunday reported a shift in U.S. murder patterns in the 1990s, saying that the majority of victims were now killed by strangers.

"Every American now has a realistic chance of murder victimization in view of the random nature the crime has assumed," the FBI said in its annual report on crime in the United States.

In the past, most murders took place during what the FBI called "clearly defined circumstances such as crimes, passion and arguments among family members or acquaintances."

In a separate report, the FBI said the number of serious crimes in the United States fell by 3 percent in the first six months of 1994, continuing a decline that began in 1992. The crime rate fell by 5 percent last year and 2 percent in 1992.

The FBI divides serious crimes into two categories: crimes of violence, like murder and rape, and crimes against property like burglary and arson.

Crimes of violence dropped 4 percent in the first half of 1994 from the same year-ago period.

Of the various violent crimes, the overall rate for murders fell 2 percent, rapes decreased 6 percent, robberies went down 4 percent and aggravated assault dropped 3 percent.

Of the property crimes, burglaries dropped 6 percent, while larcenies and car thefts each declined 2 percent. Only the arson rate showed no change.

The decreases occurred after a dramatic eight-year upswing fueled by a wave of inner-city murders and drug-related incidents involving deadly assault weapons.

Officials offered no explanation for the trend and cautioned against too much optimism.

"Any decline in reported crime is welcome, but the level of crime is still unacceptably high and it must be substantially reduced," said Louis Freeh, the FBI director.

Gerald M. Caplan, a former federal law-enforce-

ment official who is dean of the McGeorge School of Law in Sacramento, California, offered a note of caution, saying that data collection "is not so refined that one can safely predict a trend in this area."

Demographics could explain some of the modest decline, Mr. Caplan and others suggested. They pointed to the shrinking numbers of Americans in the 18-to-26 age group, which accounts for most violent crime.

Jan Chaiken, an authority on crime figures at the Justice Department, said, "People also are working more to protect themselves, which is why we have seen a decline in burglaries and car thefts."

The FBI also issued its final figures for 1993, which showed that 14.1 million serious offenses were reported that year to law-enforcement agencies across the nation, or 5,483 crimes for every 100,000 inhabitants.

Aggravated assault accounted for 59 percent of the violent crimes reported last year. Robberies accounted for 34 percent; forcible rapes 5 percent, and murders 1 percent.

(Reuters, LAT)

## White House Uneasy Over Whitewater Plea Accord

By Stephen Labaton

New York Times Service

WASHINGTON — White House officials have expressed surprise and apprehension about reports that Webster L. Hubbell, a close friend of President Bill Clinton, has agreed to plead guilty to felony charges and cooperate with Whitewater prosecutors in their expanding investigation.

Bracing themselves for a new round of political criticism, the officials nonetheless said that they did not believe the plea agreement would have any sig-

nificant legal ramifications for the White House.

They said Mr. Hubbell, once the No. 3 official in the Justice Department, did not have any incriminating information about either President Clinton or Hillary Rodham Clinton.

"The disposition of this case, if true, does not concern either of the Clintons or Whitewater," said a close aide to the president. "The charges are totally unrelated and arise out of Hubbell's billing practices in Little Rock."

Privately, though, some officials expressed concern that the

plea agreement would bring Whitewater back to the front and that Republicans would point to it as another sign of a tarnished presidency.

Congressional Republicans said that Mr. Hubbell's decision had made Whitewater hearings next year imperative and that it was now inevitable that they would demand his testimony.

"We had requested Hubbell as a witness last year, and the majority turned us down," said Representative Jim Leach, Republican of Iowa, who will head the House Banking Committee

in January. "It can be expected that he will be called in 1995."

Senator Alfonse M. D'Amato, Republican of New York, who will head the Senate Banking Committee, said the plea agreement "confirms the need for Congress to continue its investigation into the many unanswered questions concerning the Whitewater controversy."

Mr. Clinton has referred to Mr. Hubbell as his closest friend. He was also Mrs. Clinton's partner at the Rose Law Firm through the 1980s, a period now being examined by the

Whitewater independent counsel, Kenneth W. Starr.

Mr. Starr's office declined to comment about the Hubbell investigation. Although Mr. Hubbell has agreed in principle to plead guilty to two felony counts, lawyers were described as still working on the wording of the formal plea agreement.

Until it is formally completed, Mr. Starr's office did not want to make any comments that might jeopardize it or make Mr. Hubbell reconsider.

People involved in the investigation said Mr. Hubbell had agreed in principle to plead guilty to two counts rather than face an indictment with more counts and potentially stiffer penalties that Mr. Starr was prepared to seek.

He has been under investigation for reportedly overcharging his law firm and the federal government for its representation of regulators involved in a savings and loan case.

The charges in the draft indictment are only marginally related to the Arkansas real estate venture that has given the Whitewater inquiry its name.

Some of the false billings under investigation are said to have involved work that Mr. Hubbell did for U.S. regulators examining Madison Guaranty Savings & Loan, which was operated by the Clintons' partner in Whitewater, James B. McDougal.

## POLITICAL NOTES



JOHN DURRICK/ASSOCIATED PRESS  
HOUSE PROUD — Newt Gingrich of Georgia, left, the future speaker of the House, and the incoming Senate majority leader, Bob Dole of Kansas, meeting with the press in Washington with a model of their new acquisition, the Capitol building.

### Toughest Task for Daschle

WASHINGTON — In electing Tom Daschle to lead them for the next two years, the 47 Democrats of the new Senate have chosen to tread close to the political path they have followed since Bill Clinton became president.

Mr. Daschle, a South Dakotan who turns 47 next week, campaigned all summer as a reformer of the Senate's Gordian knot of rules and traditions, as a man who would ramrod legislation onto the floor and get senators home at a decent hour. That was back when Democrats ran the chamber and fully expected to keep doing so.

But Democrats will be in the minority in the 104th Congress, which convenes next month, and Mr. Daschle's reform plans are moot. What distinguishes him now are his unusually close ties to a president and a first lady whom any number of Democratic senators blame for their loss of power.

Mr. Daschle's hardest task could be convincing the Senate's Democrats, almost half of whom opposed him in the election last week, that he can stand up to Mr. Clinton.

"What we needed in the last Congress, and did not have, was a leadership that could sit down in the White House and say to the president, 'That won't work, that will fail,'" said a top aide to one senator who opposed Mr. Daschle. "And I don't know who that's going to be in the elected leadership now."

(NYT)

### Drugs and the White House

WASHINGTON — Up to a quarter of White House staff members used illegal drugs in the four to five years before they began their jobs, the future speaker of the House, Newt Gingrich, asserted Sunday.

The Georgia Republican said those figures were proof that "you've got scattered throughout this administration counterculture people."

In a broadcast interview, Mr. Gingrich said that he "had a senior law enforcement official tell me that in his judgment, up to a quarter of the White House staff, when they first came in, had used drugs in the last four or five years."

He said the administration had had "huge problems getting people through security clearance" because there were so many people "who had a lot of things that weren't very easy to clear."

The White House had no immediate comment on the allegation.

Mr. Gingrich's remarks came as he tried to explain a statement he made several weeks ago that President Bill Clinton and his wife were "counterculture McGovern-niks."

He asked how Mr. Clinton could have a surgeon general, Dr. Joycelyn Elders, who has advocated the legalization of drugs. "I assume he shares her values," he said. "I assume he thinks it's O.K."

Asked about his acknowledgment that he, like Mr. Clinton, had smoked marijuana as a youth, Mr. Gingrich said, "That was a sign we were alive and in graduate school in that era."

Mr. Gingrich, 51, is three years older than the president.

(AP)

### Quote/Unquote

Barbara Sinclair, a political scientist at the University of California at Riverside, on the lack of dissenting voices among the new Republican majority in Congress: "Of the few true generalizations you can make about politics, one of them is that new majorities tend to be more cohesive."

(NYT)



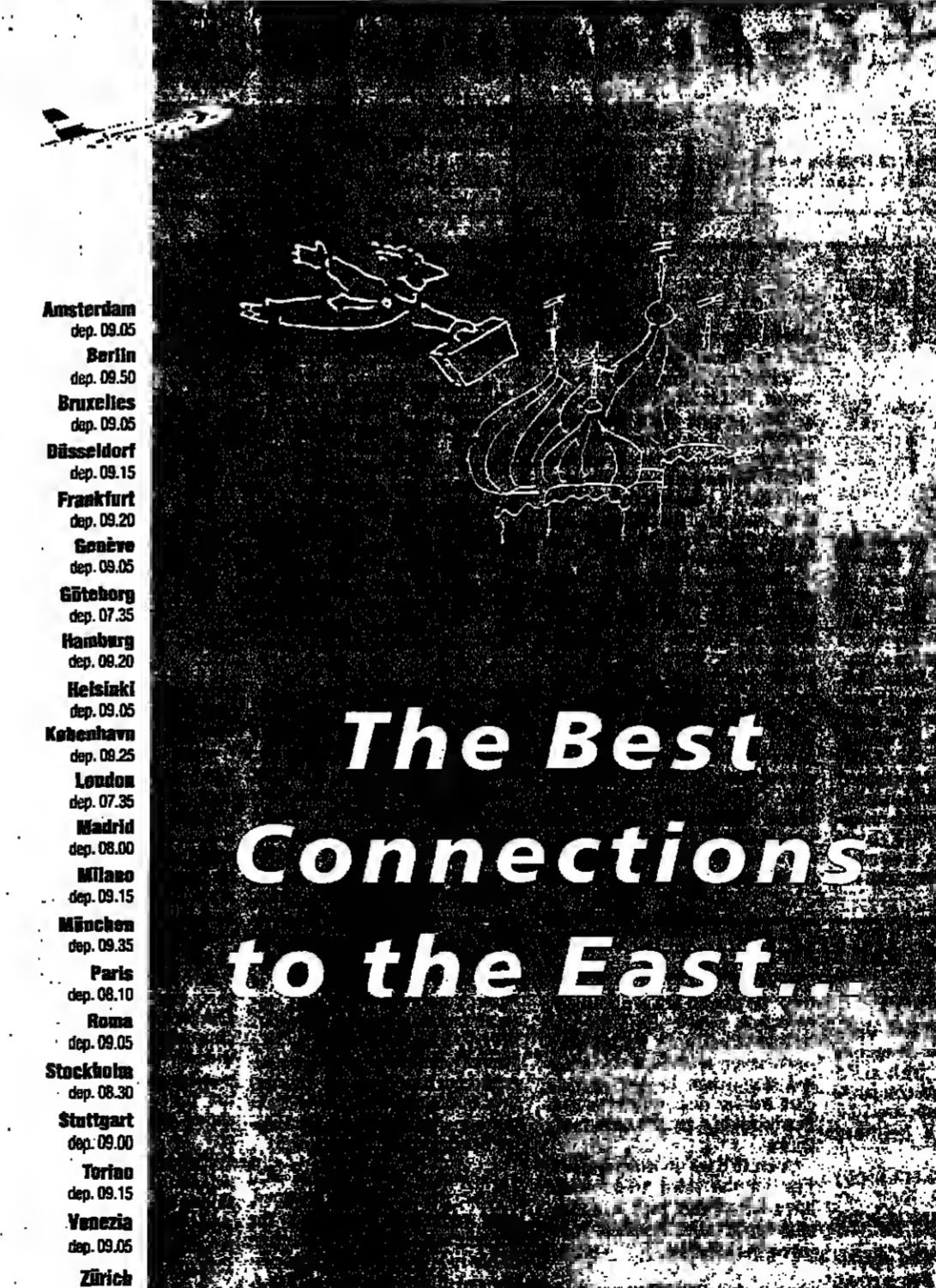
## RECHARGE YOUR BUSINESS BRAIN CELLS

"BUSINESS INSIDERS"

TUESDAYS TO FRIDAYS AT 06.00 AND 07.30 CET



CABLE TV'S PERFECT MIX OF NEWS, VIEWS & ENTERTAINMENT



Are those via Vienna International Airport, one of the most important hubs in Europe. Austrian Airlines, a Western airline with decades of experience in Eastern Europe, offer you 15 destinations in Eastern Europe. In many cases we have the quickest or even the only connection to important Eastern European cities. No matter which European city you start from, travelling via Vienna International Airport, with its modern infrastructure, short transfer times and superb shopping facilities, you will find more numerous and better quality onward connections to Eastern Europe than from any other airport. You may order our comprehensive flight transfer timetable in handy credit card format free of charge from Austrian Airlines. Simply photocopy your business card and fax it quoting reference "Transfer Timetable" to Fax no. +43-1-687928.

Welcome To  
**AUSTRIAN AIRLINES**

## U.S. to Speed Asylum Process

### Changes Seek to Reduce Backlog and Abuses

By Steven Greenhouse  
New York Times Service

WASHINGTON — Concerned that tens of thousands of people have applied for political asylum as a method of getting a job in the United States, the Immigration and Naturalization Service has announced major changes in the process with an eye to deporting undeserving applicants faster.

The INS said that to reduce the backlog of 425,000 asylum seekers, many of whom hold jobs during the year or more that it takes for their cases to be decided, it would double the number of asylum officers, interview all new applicants within 60 days and seek to dispose of new cases within 180 days.

Doris Meissner, the agency's commissioner, said the asylum program needed to be revamped, because of the embarrassing backlog and widespread abuses.

But the INS said it had scrapped a plan to impose a \$130 asylum application fee. Critics of the fee had argued that many applicants would have difficulty paying it.

Ms. Meissner also announced two other politically sensitive decisions. One would grant entry to some Cuban children being held at the Guantánamo Bay Naval Station and in Panama. The other would deny temporary protection to tens of thousands of refugees from El Salvador in the United States.

Under current rules, asylum seekers can obtain work permits within 90 days of applying, encouraging many people to apply because they know they can work during the long wait as their cases are caught up in the backlog.

To discourage this, asylum applicants from

now on will be given work permits only after they are granted asylum or if there is no final determination of their application within 180 days, the INS announced.

Using money authorized by the anti-crime legislation enacted this year, the agency will more than double the number of asylum examiners, to 334. The number of immigration judges will rise to 179 from 116.

The goal will be first to keep current with the 13,000 asylum applications filed each month, outcome that officials hope can be achieved by April, and then to start trimming the backlog.

Ms. Meissner said the government would interview the 3,000 Cuban children being held in Guantánamo and Panama and would grant entry, on a case-by-case basis, to those facing the greatest hardships. Their parents will be admitted with them.

Ms. Meissner denied that the decision was an about-face for the administration, which said repeatedly last August, when thousands of Cubans headed toward Florida in rafts, that those never been granted entry.

Ms. Meissner also announced that the Clinton administration would terminate on Dec. 31 the protection status that has allowed almost 200,000 refugees from El Salvador to remain in the United States while a civil war raged at home. She said that status was being ended because violence and human rights abuses had greatly abated in their homeland.

The refugees first received temporary protection status in 1990, and President Clinton extended it last year. It is due to expire at the end of December.

doused it with gasoline to burn it, and possibly to collect insurance, firefighting officials said. But he was killed when a pilot light set off an explosion, trapping him inside.

Lot of people drive motorcycles to work. But how many ride brand new Harley-Davidsons at work? Jeff Nesbit rolls them off the assembly line and hops on for test drives at the Harley factory in York, Pennsylvania. He has done it 65 times a day for five years. That is more than 80,000 bikes, or about \$800 million worth of custom chrome, steel, leather and rubber. "There's no better job on Earth," says Mr. Nesbit, 34, a smile connecting his bushy sideburns. "And I get paid for it!" Since the biggest Harleys are nicknamed "hogs," he could be described, perhaps, as being in Hog Heaven.

Actors Equity takes a dim view of people who take pictures in theaters. In addition to copyright problems, The New York Times notes, the flashbulbs momentarily blind the actors, who then may blunder into a one-ton piece of moving scenery. At a recent matinee of "Sunset Boulevard," Glenn Close made her entrance to a mass popping of flashbulbs. Normally ushers rush down the aisle to stop these people, but they were all in the lobby dealing with late arrivals. So Miss Close took matters into her own hands. Dropping out of character, she announced, "Ladies and gentlemen, we can either have a photo session or we can go on with the show, but we cannot do both." The house went wild, the shutterbugs were squelched and the show went on.

Gem of the Day, from the Ann Landers advice column: Winter is the season when the children leave open the doors they slammed all summer.

International Herald Tribune

## AMERICAN TOPICS

### A Tradition: Piety in Public Places

Across the United States, city councils begin the most routine business sessions with an invocation. Athletes bow heads and join hands in the locker room as they would in a church. And the vigilance of civil libertarians for the constitutional separation of church and state notwithstanding, creches still pop up on public property at Christmastime.

Such open displays of piety may puzzle or amuse non-Americans. But public acknowledgement of the divine remains an integral part of life in much of the United States, Gustav Niebuhr notes in *The New York Times*.

"You have to realize that America is, of the most advanced industrial nations, the most religious," said Robert N. Bellah, professor of sociology at the University of California at Berkeley and an author of "Habits of the Heart: Individualism and Commitment in American Life" (HarperCollins).

A poll released last year by a consortium of social science research centers showed that among the dozen technologically advanced nations surveyed, belief in God was highest in the United States and Ireland.

In the United States, popular piety has been nourished by the very fact that it is voluntary, say those who study religion and law.

### Short Takes

Tony Berryman, 54, of Detroit, was so frustrated by squatters in his vacant house that he

## BOOKS

### SAINT-EXUPÉRY: A Biography

By Stacy Schiff. 525 pages. \$30. Knopf.

Reviewed by Kenneth Murphy

Wanting to know about you like his books, Eric Linklater once said, "is like wanting to know a goose because you like pâté." The pâté was spread pretty thickly in the life of Comte Antoine Jean-Baptiste Marie Roger de Saint-Exupéry — aristocrat, pioneer, aviator and author — leaving scant time for the business of writing the books, such as "The Little Prince" that have immortalized his name. Characteristically, when he and his airplane disappeared on a flight in 1944, Saint-Exupéry was juggling a number of literary projects along with his

role as a reconnaissance pilot for the Free French air force.

Schiff's is a biography in the round. Never in this long book is there a point when the reader wants to put it down. This is a weighty work in several senses: From beginning to end, the story is deftly constructed; narrative, analysis, description and speculation flow into one another painlessly.

Ambivalence was at the heart of Saint-Exupéry's literary achievement, and Schiff treats in detail the sources of his singular restlessness. Born into the impoverished fringes of the aristocracy of provincial France, the young Saint-Exupéry did not inherit the official education and narrow career choices deemed appropriate to one of his position. Quite literally, he took to flight, becoming one of that small band of freebooting celebrity aviators who captivated the public on both sides of the At-

lantic in the 1920s. Saint-Exupéry lived a nomadic, precarious, often despairing existence as he began his writing career, thrusting himself, his brooding silences, magic tricks, bad debts and perpetual cigarette smoke upon a small clique of loyal and long-suffering friends.

Schiff is worried, as only a

late 20th-century biographer can be, about Saint-Exupéry's sexuality. She is worried that Saint-Exupéry's failed romance with Louise de Vilmorin, was so all-consuming that, for years after, Saint-Exupéry's life seemed emotionally dislocated.

Although she provides full details about the oddities of their relations, whatever magic Louise held elapses Schiff.

A shift back to diamonds by

East at the third trick would

have left South with a useless

club suit, and resulted in a

three-trick defeat.

North and South were vulnerable.

The bidding:

North East South West

1 N.T. Pass 1 N.T. Pass

3 N.T. Pass Pass Pass

West led the diamond two.

trap: he played low without any revealing pause. East thought he had struck gold, for his partner's seven seemed to be a sign. But when he led another club he was discomfited to find Petrie taking all the remaining tricks.

A shift back to diamonds by

East at the third trick would

have left South with a useless

club suit, and resulted in a

three-trick defeat.

NORTH (D)

♦ Q 10 9 2

♦ J 9 5 1

♦ 8 7

SOUTH

♦ 7

♦ 7 3

♦ 9 8 3

♦ A Q 9 5 4 3 2

WEST

♦ Q 10 9 2

♦ J 5 2

♦ 9 8 4

♦ 8 7

EAST

♦ A K Q 8

♦ A K 4

♦ J

## Swiss Vote To Tighten Handling of Foreigners

The Associated Press

BERN — Swiss voters on Sunday overwhelmingly backed government plans to tighten asylum procedures and make it easier to expel foreign criminals.

In a reflection of popular anger against foreign drug dealers, 72.8 percent, or 1.4 million people, voted in favor of the tougher measures. About 530,000 people voted against. Turnout was 43 percent.

The new law allows local authorities to detain foreigners without proper papers for three months, and in certain instances six months, pending a decision on their asylum application or deportation.

This is mainly aimed at people who have applied for refugee status and then committed a crime, or who refuse to reveal their identity, hoping to avoid extradition.

"Our generosity toward people in need is inscribed into the humanitarian traditions of our country," the government said in a pre-vote brochure.

"Once a person has been refused asylum, he or she must accept the decision. That's the only basis on which we can maintain our humanitarian policy," it wrote.

Switzerland granted refugee status to 18,000 people last year.

In Zurich, the center of the country's biggest open drug scene and violence between competing dealers, 80.6 percent of voters were in favor of the tougher approach.

Parliament approved the tougher law in March. But opponents collected the 50,000 signatures needed under the Swiss system of direct democracy to challenge it in a national referendum.

White House officials said

Sunday that diplomatic efforts had not been exhausted and that bombing would only worsen the situation.

Mr. Christopher said he pro-



Enrico Lanza/The Associated Press

A Dutch peacekeeper rejoicing in Amsterdam after she was released by Bosnian Serbs.

## BOSNIA: Republicans Urge Major Bombing of Serbs

Continued from Page 1.

we're telling you to just back off and accept an armed truce."

Both Republican leaders were highly critical of Mr. Clinton's handling of Bosnia policy. After initially outlining a more aggressive policy in Bosnia than NATO allies in Europe, the White House recently approved a shift aimed at aligning with Europe in pressing for a diplomatic solution.

Europeans complain that their troops are bearing the peacekeeping burden in Bosnia without American help on the ground.

White House officials said Sunday that diplomatic efforts had not been exhausted and that bombing would only worsen the situation.

Only a week ago, Mr. Perry said Muslim forces could not hope to regain territory already

lost to the Serbs, but on Sunday he amended that view, saying it was certain to drag the United States into a ground war because Washington could not walk away from the inevitable failure of an air campaign.

"No military expert that I know of feels that a bombing campaign would be successful," Mr. Christopher said.

Defense Secretary William J. Perry took a similar approach, saying in a separate broadcast interview that ground combat is the only way to end the conflict.

Both Republican leaders called UN troops in Bosnia "hostages." Mr. Gingrich called it "unbelievably dangerous" to have NATO in a "pathetic and helpless" military situation in Bosnia.

Foreign Secretary Douglas Hurd of Britain and his French counterpart, Alain Juppé, will brief Mr. Christopher and other leaders on talks they held Sunday in Belgrade.

In a news conference after

meeting with Mr. Hurd and Mr. Juppé, President Slobodan Milošević of Serbia said he fully agreed with the peace plan and called for an immediate end to the fighting.

Mr. Hurd has warned that if

progress is not made soon, the UN will have little option but to withdraw its more than 22,000

peacekeeping troops and leave the Bosnian Serbs and the Muslim-led Bosnian government forces to fight it out.

The British lieutenant general

who commands UN forces in

Bosnia, Sir Michael Rose, echoed Mr. Hurd's frustration Sunday, saying: "You cannot go on peacekeeping in a vacuum. We have seen a certain impasse develop over the summer months, and we're probably seeing the consequences of that now."

UN Secretary-General Boutros-Ghali said Saturday that contingencies plans for a pullout of the UN troops were well advanced.

Bosnian Serbs released 20

British and 33 Dutch peace-

keepers, 53 of the total 402 they

were holding as insurance

against further NATO air-

strikes. And UN military con-

voy reached the Muslim en-

claves of Gorazde and Bihać

this weekend. (Reuters)

■ Russia Vetoes UN Re却e

Russia unexpectedly broke

with the United States and the

European allies over Bosnia by

casting a rare veto to block a

UN Security Council resolution

that contained a re却e to the

Serbs. The Washington Post re-

ported from New York.

The United States and other

Western nations are willing to

give the security conference

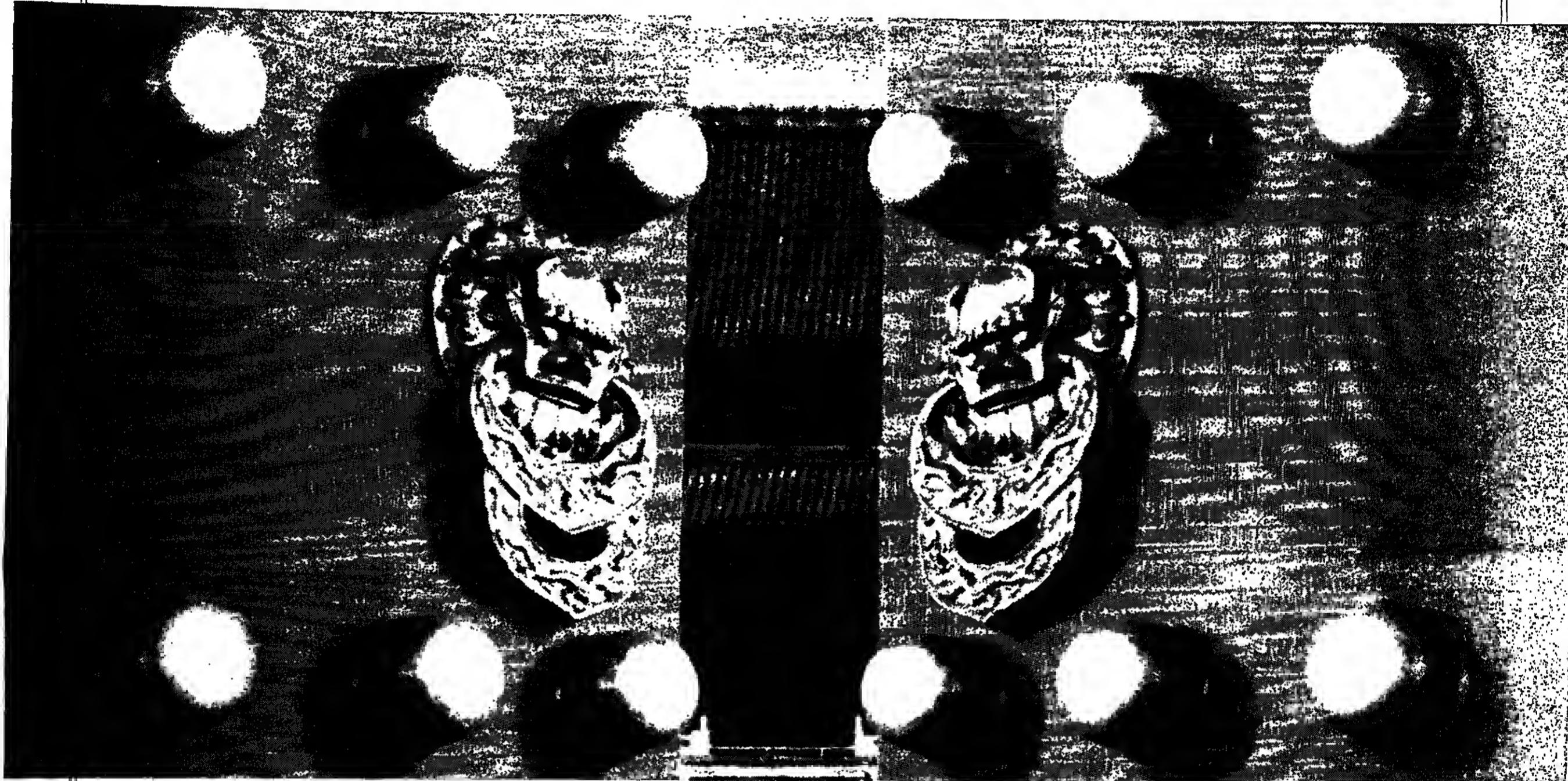
more muscle to prevent regional

conflicts and monitor human

</

جامعة الدول العربية

# OPENING THE DOOR TO THE MOST IMPORTANT PEOPLE IN CHINA.



THE INTERNATIONAL HERALD TRIBUNE AND THE STATE COMMISSION FOR RESTRUCTURING THE ECONOMIC SYSTEMS PRESENT

## THE 1995 CHINA SUMMIT

APRIL 10 - 12 1995 • BEIJING

The International Herald Tribune and the State Commission for Restructuring the Economic Systems of the PRC are opening the door for your corporation to meet the most important people in China. ★ The success of the inaugural China Summit in May prompted the Chinese government to call for an annual gathering in Beijing where the leaders of China and world business can work together in order to promote better understanding between China and the world. ★ For the second time running, there will

be an opportunity to hear and personally meet the people who are driving China's economic direction into the next millennium. ★ If your corporation has a stake in the future of the Chinese economy, the 1995 China Summit is the gathering that you cannot afford to miss. This unparalleled event is open to only thirty seven sponsoring corporations. Act now to ensure your place.

Don't miss this opportunity to become one of the world players in the future of the Chinese economy. This global event is limited to thirty seven sponsors only. To ensure your place, complete this coupon and return it to the IHT now.

To:  Paris The Publisher, 181 Avenue Charles de Gaulle, 9251 Neuilly Cedex, France. Tel: (33 1) 46 37 99 01 Fax: (33 1) 47 45 53 21  
 Hong Kong Andrew MacArthur, 7th Floor, Malaysia Building, 50 Gloucester Road, Hong Kong. Tel: (852) 9222 1174 Fax: (852) 9222 1190  
 New York Richard Lynch, 10th Floor, 850 Third Avenue, New York, NY 10022, USA. Tel: (1 212) 752 3890 Fax: (1 212) 755 8785

I am interested in sponsoring the 1995 China Summit. Please rush me more information. I understand that places are limited.  
★ Simply attach business card OR fill in the details below.

Name: \_\_\_\_\_  
Job Title: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

**Herald** INTERNATIONAL **Tribune**  
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Straight Talk About NATO

"Frankly," Warren Christopher confessed to NATO, "the international community was insufficiently prepared" for Bosnia. Or hadn't you noticed? The secretary of state was at his dremiest in Brussels.

He actually found some NATO achievements to hail. The alliance has done "whatever" the United Nations asked — but this ignores the minimal nature of the UN requests. It has "established a no-fly zone" — but only intermittently enforced it. It has "prevented the conflict from becoming an air war" — this in good measure by limiting its own air missions. It has been "instrumental in preventing the spread of the conflict" — but also instrumental in letting down Bosnia.

What is the purpose of avoiding straight talk about NATO's Balkan performance? An alliance challenged to fulfill a new mission of strengthening European security outside its members' borders failed dismally.

Nor are Bosnian trials at an end. NATO forces, provided by Europeans, are there in a weight dominating the UN peacekeeping presence. That creates the bizarre situation where NATO units, sent in supposedly to help Bosnians, are subjected to Serbian threat, attack and detention and end up adopting as their first mission relief and rescue for themselves. This mission notably detracts from the capacity to relieve Bosnians.

The international "contact group," including the United States, is now making a fresh attempt to draw Bosnian Serbs into the international peace plan. But the first item in the group's appeal necessarily will be the safety of the peacekeepers. Here lies the case for removing the peacekeepers and giving the Bosnians the chance that they insist they want to fight their own battle.

In Brussels, meanwhile, NATO came up against another shock for which it was "insufficiently prepared." No sooner had Secretary Christopher welcomed Russia's agreement to join the UN Partnership for Peace security-cooperation program than the Russian government refused to sign.

Instead he complained about NATO's stated intent to take in new members from Central Europe.

Already NATO's progress toward enlargement is slow verging on glacial. The government in Moscow has its jitters about a new "line" being drawn in Europe. That puts a burden on NATO to explain and demonstrate to Russia how the careful, deliberate and transparent enlargement of the alliance serves the general confidence and stability. To slow further would be to grant Russia a veto over an alliance of which it is not a member. To back down on enlargement, after hacking down on Bosnia, must be regarded as unthinkable.

— THE WASHINGTON POST.

## Just Muddling Along Without Any Policy

By William Pfaff

PARIS — The officials of Western governments now take refuge in thickets of blather, having abandoned Bosnia. They promise reform of their institutions of cooperation so that never again will there be a tragedy like the former Yugoslavia's.

U.S. Secretary of State Warren Christopher promised last Tuesday "a strengthened CSCE" to deal "more effectively and more

*Are the powers prepared to defend the principle that only peaceful and negotiated territorial change in Europe is acceptable?*

soundly" with future cases of international aggression. NATO is "fundamentally sound," according to Dee Myers at the White House. There is "a Bosnian crisis, not a NATO crisis."

France's foreign minister calls for "a new international conference" on the former Yugoslavia. Germany's foreign minister says that "aggression should not pay." International villainy must surely recoil at such words.

Mr. Christopher says Partnership for Peace has made "extraordinary progress." NATO has "talked itself through the conditions, the circumstances, the implications, the responsibilities of membership" and "over time ... must be willing to include nations that are willing to assume the necessary obligations and commitments." It will be enlarged.

Or perhaps not. The North Atlantic Council meeting in Brussels on Thursday named a commission to report back on the matter in a year.

This is criminal irresponsibility. It marks both Americans and Europeans.

The latest French-German summit agreed to do nothing but recommend peace and negotiations to Yugoslavia. Chancellor Helmut Kohl's own party has asked that the Bosnia arms embargo be lifted. This was ignored, Mr. Kohl deferring to President François Mitterrand's implicit pro-Serbian neutrality.

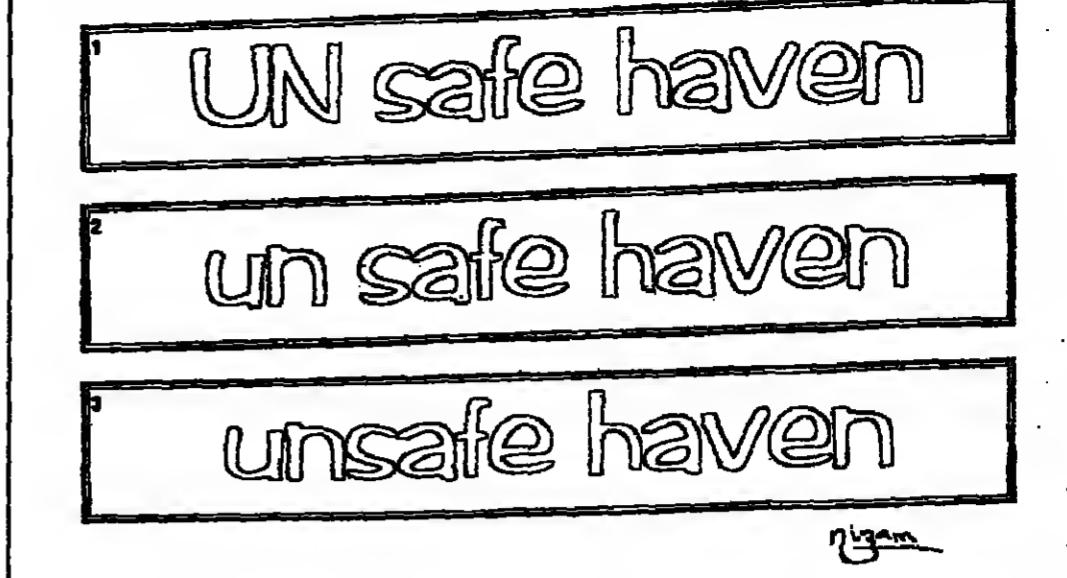
Leaders will now discuss how to give Europe's military organization, the Western European Union, the command and logistic

cal structures that NATO possesses and the WEU lacks, so that Europe — next time — will not have to depend on American agreement and cooperation.

An anonymous French diplomat says, "The United States wants more than ever to control the show, on the back of the lives of French and British soldiers." Fine, as an expression of bitterness over what has gone on in Bosnia. But will the Europeans take future responsibility? Experience suggests that they will not.

The notion that reform of the mechanisms of cooperation can solve the problem is delusion, as every intelligent member of the American and European political classes must know. The collapse of the United Nations, NATO and the European Union in Bosnia had nothing fundamentally to do with the political and military machinery at the disposal of the Western countries. It had everything to do with the lack of a common policy. They did not know what to do with the mechanisms they possessed.

It follows that the future will not be improved by bureaucratic fiddling with the mechanisms of cooperation. It will be affected only by alliance decisions — Atlantic or West European — or the acts of individual governments prepared



to defend civilized values even if others dither or retreat.

It is essential that the policy problem be addressed, not the mechanical one. There are a number of serious conflicts in waiting. The problems of national minorities will worsen in that Greater Serbia which the Western powers now seem anxious to ratify. Albanian and Hungarian minorities have no secure place in the Greater Serbia now in prospect.

The new Hungarian government has dropped the irredentist rhetoric that characterized its predecessors, but the tensions provoked by Hungary's national diaspora remain grave. Romania's government has done little to halt the aggressive anti-Hungarian acts of local authorities in

fort must be made during the months to come. Threats and options must be put before policy-makers now, while there is time for confidential reflection and common decisions.

What would NATO actually do about a Ukrainian crisis?

What is the policy of the European Union on Balkan irredentist claims? Are the powers prepared to defend the principle that only peaceful and negotiated territorial change in Europe is acceptable? Will they defend human rights? How? Only with talk?

Now is the time to decide. They have a second chance to do so, after Yugoslavia. It may be the last chance.

International Herald Tribune

© Los Angeles Times Syndicate

## What East Europe Needs

After the disarray over Bosnia, the national security crowd in Washington seems to be seized with the question of how to save NATO. They should instead be asking how to ease the insecurity in Eastern Europe and Russia. To do so, they need to be clear about the well-springs of that insecurity.

The newly freed nations need political and economic reassurance, not military alliance, and a helping hand to bring them into the community of democratic nations. The worry is that the United States is not up to the job, especially now that the Republicans have taken control of Congress.

Some in the Republican Party, like Senator Jesse Helms, seem to regard any help to transform Eastern Europe and Russia as a waste of time and money. The hope is that leaders of broader vision like Senators Robert Dole and Richard Lugar will sense the opportunity and sustain the effort.

Offering NATO membership and security guarantees to Poles, Czechs and Hungarians is tangential to meeting their felt needs. It is also sure to alienate those who are excluded, especially Russia, where a nationalist reaction could topple Boris Yeltsin and the reformers, thereby increasing Eastern Europe's insecurity. Foreign Minister Andrei Kozyrev underscored that point last Thursday by holding up the start of his country's cooperation under NATO's Partnership for Peace.

Left intact, NATO can provide military insurance in case things go wrong in Russia. It can also help promote change by reaching out to ex-Warsaw Pact armies, including Russia's, promoting democratic control of the military and facilitating military conversion to peaceful pursuits. Yet NATO alone cannot meet Eastern Europe's needs. Other institutions

can — if they are strengthened.

Universities, foundations and other nongovernmental organizations need to sustain support for democracy and the free institutions that nurture it. Private-public partnerships can encourage everything from the stocking of libraries and the housing of military retirees to funding scientific research by former bomb-builders.

The European Union has yet to lay out a strategy for bringing the East into an European-wide market. It can move a lot more quickly than it has to lower agricultural and other trade barriers. It also can construct road and rail corridors to link the East and West, and invest in projects to reverse environmental degradation. Washington also needs to be involved.

The Helsinki accords give the 53-nation Conference on Security and Cooperation in Europe a leading role in preventing ethnic conflict and protecting human rights. The CSCE can also provide political legitimacy and oversight for peacekeeping in the region. Yet Washington has looked upon the CSCE as a rival to NATO and tried to constrain it.

The thickening web of ties to the West can help reassure anxious East Europeans, including Russia, that they will not be left out if they want in. At the same time, the West would be right to insist that the political and economic standards it sets for cooperation are met by countries seeking assistance and closer ties.

The new Republican majority has a chance to help transform the East. But it will not succeed if it focuses on expanding NATO and does not try to meet the East's political and economic needs — and ease its ethnic frictions.

— THE NEW YORK TIMES.

## When Laurels Don't Help

It takes a special kind of disdain for world opinion for a government to persecute a Nobel prize-winning writer or a world-famous poet and force him to flee his home. Unfortunately, it is by no means uncommon. It happened recently to the Nigerian poet and playwright Wole Soyinka, who won the literature prize in 1986. And something like it has happened to the exiled Chinese poet Bei Dao, not a Nobel laureate but well-known and beloved both in and outside his native land, who tried to visit his parents and was held, interrogated and finally sent back from the Beijing airport to the United States by Chinese authorities who accused him of political activities.

Bei Dao is back in Michigan, where he came after some of the Tiananmen Square protesters took his work as a moral anthem. Mr. Soyinka is in Paris, having fled there after authorities confiscated his passport in early November and refused to let him travel to a planned conference in Strasbourg. Taking the hint that, as he put it, the government might be preparing to give him "the Burmese treatment" — a reference to another Nobel laureate, peace prize winner Daw Aung San Suu Kyi, who has spent the five years since the prize under house arrest — Mr. Soyinka escaped

over the border by expedients that he would not describe on arrival in Europe, but which, he told reporters there, "wounded my sexagenarian dignity."

You could say that both these men got off relatively lightly, and exile does compare favorably with some other alternatives — imprisonment, torture, assassination — faced by famous and nonfamous people of conscience who express principled dissent to governments that brook none. Mr. Soyinka has been prominent in pro-democracy activities and most recently filed a lawsuit challenging the legitimacy of the current Nigerian military government of General Sani Abacha, installed in 1993 after previous leaders canceled the results of a free election. (It was after the lawsuit failed, in late October of this year, that his passport was seized.)

But it is the government's intolerance, not the writer's suffering, that is most significant in such cases. The visibility conferred by a Nobel prize is supposed to afford some measure of protection to the laureate. When that protection fails to work, when governments are so dismissive of world opinion that they persecute or fail to protect even individuals so honored, it is a sign of real trouble.

— THE WASHINGTON POST.

## Capitalism Is Rampant, So the Flabby Better Shape Up

By Paul Craig Roberts

WASHINGTON — Liberals and conservatives alike regard the Republicans' "Contract With America" as a bold venture.

In truth, it is a timid measure that even if carried out will leave the United States a handicapped player in the global capitalism of the 21st century.

Make no mistake, a capitalist revolution is sweeping the world.

Communist central planning is no longer throttling the production and productivity of 1.2 billion Chinese people. Development planning is no longer stifling Latin America.

Latin America has a potential market twice that of the United States, and China is four times as large. We know that these new players on the world scene are serious when the Chinese Communist Party uses its power to create stock markets and protect entrepreneurs, and when former socialist states such as Chile and Argentina privatize social security and national health care.

In 25 years, according to World Bank projections, China will have the largest economy, with the United States a distant second.

In a global economy, capital will flow to areas where returns are highest and away from those where it is savaged by taxes, regulations and tort liabilities.

So the United States has no choice but to stop building welfare and entitlement dependencies that it can no longer afford, and to return to the small-government era that permitted wealthier wave of penniless immigrants to be absorbed into the economic life of a thriving nation.

The Republican contract takes steps in the right direction, but they are a baby's faltering steps, not the strides of confident leaders. Even Republicans are too imbued with guilt over inequality to permit America to really compete on the world stage.

If the United States, a welfare state grown soft and fat, is to survive in a competitive post-socialist world, it must privatize Social Security and health care, abolish welfare and cease to tax human and physical capital.

Above all, we Americans must return to equality before the law and terminate the emerging legal system — a throwback to feudal times — in which people have differing rights based on their status, in this case race and sex.

Privatizing Social Security is an urgent matter of survival. The viability of a pay-as-you-go system that transfers money from one generation to another depends on a high ratio of workers to retirees. This is no longer the case in the

United States, and the system is already renegeing on its promises by taxing Social Security benefits.

Privatization will be financially challenging. Large amounts of general revenue would have to be used to support those in retirement while younger workers are moved into Individual Retirement Accounts and similar plans.

These revenues can be made available only by curtailing functions of government that are inconsistent with a self-reliant people.

Nor can the United States afford the antipathy to meritocracy that suffuses its economic and social policies. Capitalism depends on the recognition and reward of merit, but American law now demands advancement by race and gender quota. A country bent on equality of result at all costs has no prospect of success in the emerging world capitalist order.

The economic cost of a government-supplied safety net is exorbitant, and its perverse incentives are socially debilitating. A new safety net will have to be built, using a combination of lower taxes, expanded Individual Retirement Accounts, medical savings accounts and charitable activities.

Nor can the United States afford the antipathy to meritocracy that suffuses its economic and social policies. Capitalism depends on the recognition and reward of merit, but American law now demands advancement by race and gender quota. A country bent on equality of result at all costs has no prospect of success in the emerging world capitalist order.

The economic cost of a government-supplied safety net is exorbitant, and its perverse incentives are socially debilitating. A new safety net will have to be built, using a combination of lower taxes, expanded Individual Retirement Accounts, medical savings accounts and charitable activities.

As Western Europe has discovered, a welfare-dependent population is a disadvantage in global competition. Only disciplined people with high saving rates to

keep the door open for us to succeed.

Everyone who has been to the United States has noticed the difference in the quality of life. The United States is a better place to live in than Europe.

The writer is author of the forthcoming "The Memoirs of Elizabeth Frankenstein," a novel. "The Making of a Counter Culture" will be published in a new edition next year. He contributed this comment to The New York Times.

By Theodore Roszak

From the countercultural perspective, "alienation" — limited by Marxists to the relationship of workers to property and labor — went further than leftist ideologues imagined, because they themselves were as alienated from the primitive, the body, the ecstatic and the feminine as any profit-driven entrepreneur had ever been.

Even drugs, the most erratic and hazardous aspect of the countercultural protest, were more than mere fun and games; they represented a search for some altered state of consciousness that might "cleanse the doors of perception," in William Blake's phrase, and usher us into the postindustrial future.

Almost at once the media began bemoaning that name out of shape, limning it to a sensational surface — drugs, sex, weird hair styles, raucous music, misconduct in public places. As it appears in textbooks and dictionaries today, the word "counterculture" is often defined as little more than an adolescent outburst.

The word meant nothing so simple or easily categorized. True exponents of the counterculture, as I saw it, believed that capitalism and its Marxist opposition were equally committed to expanding urban industrialism taking the culture of the industrial city to be the unquestionable wave of the future. The only dispute between them was who should own and run the system. During the Cold War era, capitalists and Marxists alike were wedded to a dogmatic acceptance of technology and science and were intolerant of other worldviews.

But be is more beholden to the '60s than he may know. It was guerrilla computer hackers, whose origins can be discerned in the old "Whole Earth Catalog," who invented the personal computer as a means so they hoped, of fostering dissent and questioning authority.

This is the same technology on which Mr. Gingrich, the "conservative futurist," is banking to rebuild the economy.

Whatever else one might reject in countercultural protest, it was at least a brave call for openness and diversity. In comparison, "Ameri-

can civilization" as Mr. Gingrich sees it, is a poor thing: a narrow terrain bound by rigid orthodoxy.

For one who holds so powerfully in office, he is worrisomely blind to those democratic vistas that Walt Whitman, a voice of the counterculture if ever there was one, celebrated when he heard "America singing, the varied carols I hear."

The writer is author of the forthcoming "The Memoirs of Elizabeth Frankenstein," a novel. "The Making of a Counter Culture" will be published in a new edition next year. He contributed this comment to The New York Times.

By Theodore Roszak

YOKOHAMA — In view of the action taken by China for the purpose of bringing about a cessation of hostilities, the question of terms of peace is being generally discussed here. From the statements of the Japanese press, it appears that Japan is prepared to insist on very heavy conditions.

As the extent of Chinese territory occupied by the Japanese armies increases, the demands of the Mikado's Government will grow proportionately.

1944: Luck Over Tokyo

HEADQUARTERS 21st BOMBER COMMAND, Sasebo

— [From our New York edition]

In one of the most dramatic and unusual events in aerial combat history, an American Superfortress which had just bombed the Nakajima aircraft factory at Tokyo was rammed by a Japanese fighter plane over the target yesterday (Dec. 3) and lost part of one engine and nacelle, but made it home safely. The enemy plane then careened into another Japanese fighter, and both plunged the ground in flames.

1919: Boxing Sensation

LONDON — One of the greatest

sensations ever produced in the



## CAPITAL MARKETS ON MONDAY

## Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Dec. 2. Prices supplied by Telekurs.

Rank	Name	Country	Maturity	Price	Yield
184	Austria	7 1/2	10/18/94	100.1000	7.4200
213	Austria FRN	4 1/2	05/21/95	92.5500	4.7475
223	Austria T-bills	zero	05/02/95	77.5571	5.5000

## Austrian Schilling

250 Belgium 7 04/29/99 97.4000 7.1700

## Canadian Dollar

184 EIB 8 11/25/97 98.7500 8.1000

## Deutsche Mark

1 Treuhand 7 1/2 09/09/94 101.0450 7.4200

2 Germany 7 1/2 07/13/94 96.0000 7.4200

3 Treuhand 6 1/2 07/01/99 97.7010 7.4200

5 Germany 8 1/2 01/21/02 103.7000 7.2000

7 Treuhand 4 1/2 11/25/99 100.2715 7.2000

9 Germany 5 1/2 04/29/99 95.4900 6.0100

9 Germany 8 1/2 06/20/01 104.4317 7.8000

10 Treuhand 6 1/2 07/29/99 97.2871 6.4200

11 Germany 8 1/2 12/20/95 103.1100 7.4200

12 Germany 8 1/2 07/13/94 96.0000 7.4200

17 Bundespost 7 1/2 01/01/94 100.4849 7.4200

19 Germany 6 1/2 01/20/95 99.4480 6.5000

30 Germany 8 1/2 01/20/95 99.4480 6.5000

34 Germany 8 1/2 01/20/95 99.4480 6.5000

24 Germany 6 1/2 04/14/94 92.7000 7.5000

25 Treuhand 6 1/2 11/12/03 98.4000 6.5000

25 Germany 6 1/2 05/20/99 96.7600 6.5000

27 Germany 6 1/2 07/20/99 96.7600 6.5000

27 Germany 8 1/2 02/20/91 104.0400 6.2100

30 Germany 7 1/2 10/20/97 102.2500 7.3000

34 Germany 7 1/2 10/20/97 101.5225 7.1400

35 Germany 8 1/2 02/20/91 102.2500 7.3000

35 Germany 8 1/2 03/20/97 103.2000 7.3000

39 Germany 8 1/2 02/20/96 101.1300 8.3000

41 Germany 8 1/2 12/20/95 107.9025 8.3000

45 Treuhand 7 1/2 01/01/92 101.4275 7.1200

47 Germany 6 1/2 07/20/99 96.7600 6.5000

47 Germany 6 1/2 08/20/95 96.7600 6.5000

47 Treuhand 6 1/2 04/11/93 94.2235 7.1200

49 Germany 8 1/2 09/22/97 103.4000 7.4200

52 Treuhand 6 1/2 04/11/93 94.2235 7.1200

59 Germany 6 1/2 01/21/94 102.2700 8.5000

59 Germany 6 1/2 01/22/94 102.4713 7.9300

59 Germany 6 1/2 05/20/98 98.7317 6.4500

60 Germany 7 1/2 12/20/97 98.4000 6.4500

61 Germany 6 1/2 07/20/99 101.4275 7.2000

61 Germany 6 1/2 07/03/94 95.0750 6.7000

64 Germany 8 1/2 07/22/97 103.2200 7.4200

64 Germany 6 1/2 08/14/98 98.7000 6.4700

67 Treuhand 6 1/2 04/23/93 94.2235 6.4500

77 Germany 6 1/2 02/21/94 103.2775 8.2000

77 Germany 6 1/2 04/20/16 81.6151 5.8500

77 Germany 6 1/2 04/22/94 103.2775 8.2000

International Herald Tribune, Monday, December 5, 1994

Page 9

## INTERNATIONAL MANAGER

### Alfa Chief Plans to Profit From Mexico Phone Deal

By Anthony DePalma  
New York Times Service

MONTERREY, Mexico — He had just pulled off the deal of a lifetime, swiping a sweet \$1 billion joint venture with AT&T out from under his competitors' noses — and in the process reshaping the future of telecommunications in Mexico.

So how did Dionisio Garza Medina, 40, the chairman of the Alfa group and scion of one of Mexico's most prestigious business dynasties, celebrate his coup?

He wolfed down a turkey sandwich and a soda at the AT&T offices in Mexico City where the announcement was made before he boarded a private jet to Alfa's headquarters in Monterrey to get back to work.

Mr. Garza may come from an old-line industrial family, but he represents a new kind of Mexican executive.

Since becoming Alfa's chairman and chief executive in April, he has quickly recognized that global competition and open borders have changed the rules of Mexican business.

#### Global competition and open borders have changed the rules of Mexican business.

In his first few months in charge of the diverse conglomerate, he has cut corporate costs by 40 percent, taken two of the four divisions public and, most notably, signed the deal with AT&T to form a joint venture that is sure to get a big piece of Mexico's long-distance business in just over two years.

The right to provide long-distance service now belongs exclusively to Teléfonos de México, but its government-protected monopoly lasts only until 1997. Then the government will spread the business around, and Alfa and AT&T are certain to get a big chunk of it.

It may seem odd that AT&T would choose a company like Alfa, with no experience in telecommunications, but what it clearly wanted was a partner that knows Mexico well, that knows the regulatory ins and outs. Mr. Garza convinced AT&T that Alfa could offer exactly that.

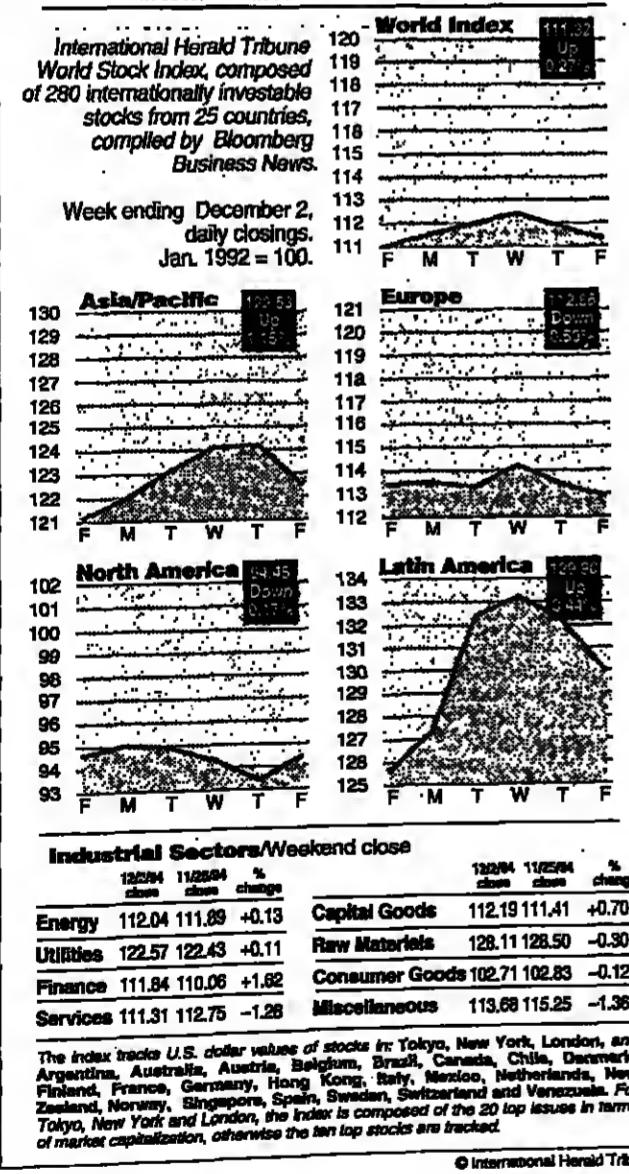
"I think he is going to turn out to be one of Mexico's great entrepreneurs," said Timothy George, a friend of Mr. Garza's who is an investment banker at Morgan Stanley & Co. and who made the initial contacts between Alfa and AT&T.

Mr. Garza's rapid-fire moves have shaken up a company so battered by a brutal economic restructuring and family hardships — including a 1973 kidnapping that ended in the murder of a Garza patriarch — that it was in danger of losing its place as a force in the Mexican economy.

"When I took over, there was a feeling that Alfa had to do something," Mr. Garza said.

When the government privatized Teléfonos de México in 1990, the board of Alfa considered bidding for it. But recalling the disastrous growth of the 70s, the members decided it would be wiser to complete a restructuring and invest any available cash in its core companies.

## THE TRIB INDEX



The index tracks dollar values of stocks in Tokyo, New York, London, and Amsterdam, Australia, Austria, Belgium, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top stocks in terms of market capitalization, otherwise the ten top stocks are tracked.

© International Herald Tribune

## CURRENCY RATES

Cross Rates		Per 1		Per 5		Per 10		Per 50		Per 100		Per 500		Per 1,000	
Amsterdam	5	1.25	6.25	1.25	6.25	1.25	6.25	1.25	6.25	1.25	6.25	1.25	6.25	1.25	6.25
Brussels	1.25	1.00	5.00	1.25	5.00	1.25	5.00	1.25	5.00	1.25	5.00	1.25	5.00	1.25	5.00
London (G)	1.25	2.40	12.00	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40
Paris	1.25	2.40	12.00	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40
Frankfurt	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
London (A)	1.25	2.40	12.00	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40
Madrid	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Almaty	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
New York (G)	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Paris	1.25	2.40	12.00	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40	1.25	2.40
Tokyo	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Toronto	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Zurich	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
ECU	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
SDR	1.25	1.25	6.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Other Dollar Values: a. To buy one pound; b. To buy one dollar. \* Units of 1000. G.L.: not quoted; N.A.: not available.

Forward Rates: 30-day 60-day 90-day 180-day 270-day 360-day

Pound Sterling 1.544 1.544 1.544 1.544 1.544 1.544

Deutsche mark 1.573 1.573 1.573 1.573 1.573 1.573

French franc 1.359 1.359 1.359 1.359 1.359 1.359

Canadian dollar 1.573 1.573 1.573 1.573 1.573 1.573

Swiss franc 1.573 1.573 1.573 1.573 1.573 1.573

Italian lira 1.573 1.573 1.573 1.573 1.573 1.573

Spanish peseta 1.573 1.573 1.573 1.573 1.573 1.573

French franc 1.573 1.573 1.573 1.573 1.573 1.57



## GATT: Global Trade Agreement Doesn't Mean It's Now Smooth Sailing

Continued from Page 9  
Paris, Agence France-Presse reported from Beijing.

In an article in the China Daily's Business Weekly, a researcher in the Foreign Trade and Economic Cooperation Ministry, Yu Peiwai, said, "The U.S. fears that a rapidly grow-

ing Chinese economy would enable China to join hands some day with developing countries to pose a threat to the U.S. dominant status in the world economy."

That was why the United States was asking the impossible from China on the question of GATT, he said.

## RALLY: Bond Markets Finally Gain Ground, a Year After the Forecast

Continued from Page 9  
nical conditions are good for both the dollar and dollar bonds, but there's been no change in the fundamental outlook for further weakness," he says.

Neil MacKinnon at Citibank in London argues that "we're witnessing a cyclical recovery of the dollar rather than a structural recovery. There's no doubt that current direction of the dollar is up — it could reach 1.65 DM much sooner than the market currently thinks, possibly by March."

But by then, he says, rising German interest rates will cause the dollar to retreat.

The current rally in the U.S. currency and bond markets is based on the conviction that the Federal Reserve Board will follow last month's aggressive three-quarter percentage point rise (or 75 basis points) with another increase, possibly at its

Dec. 20 meeting or at the latest at its Feb. 1 meeting.

The continuing strength shown in the latest economic reports has eliminated any doubt about the Fed's next move.

This was shown by the dramatic rise in the yield of the three-month Eurodollar futures contract, up 45 basis points to 7.15 percent for March and 8.2 percent for December 1995.

Three-month deposits currently fetch 64 percent.

Although there was some question about how much of this change might have reflected forced liquidation of losing positions in the derivatives market, analysts agreed that the future market now fully discounted a big Fed increase in short-term rates.

The fact that long-term U.S. bond yields were virtually unchanged on the week shows that bondholders are convinced that the anticipated Fed increases will keep inflation tamed.

"Inflation expectations have clearly diminished as a result of perceived aggressive action from the Fed in the first half of next year," says Bob Tyley at Paribas Capital Markets in London.

It is those diminished fears about inflation that now pose the greatest risk. "Deteriorating inflation performance represents the principal risk for bond markets," says John Lipsky at Salomon Brothers Inc. in New York, who says he believes core inflation is likely to edge higher.

In his view, "it would be premature to conclude that upward pressures on bond yields have abated."

Against that background, the dollar is especially vulnerable to changes in German interest rates. There is a raging debate about whether Germany will hold rates stable through the end of next year, whether it will cut rates early in the new year

and then begin raising them by autumn, or whether it will start raising rates in the opening months of 1995.

But with the dollar on the rise and the market interest rates reflecting anticipated rises in short-term levels, there has been a flurry to buy dollar paper on the international capital market. New fixed-coupon issues amounting to \$3.6 billion were launched last week, of which all but \$1 billion mature in less than five years. Investors have little incentive to buy longer-dated paper because the yield curve on benchmark U.S. government paper is unusually flat: 7.7 percent at five years, 7.8 at 10 years and 7.91 percent at 30 years.

Although issuance of dollar paper is expected to remain heavy, the main focus this week is expected to be a jumbo 2.5 billion DM, five-year issue from Spain.

(Bloomberg, Reuters)

## BANK: After a Tough Year, Deutsche Bank Looks Ahead to Better Times

Continued from Page 1

sured by \$350 billion of total assets, or an estimated \$13 billion of hidden reserves — is not in doubt, but repairing the damage to its reputation could be complicated by the following problems:

• The bank's profit growth is being held back this year by poor trading results and the overhang of huge loan write-offs. Most estimates call for unchanged or even lower 1994 earnings.

• The bank has been embarrassed by unprecedented criticism from shareholders and other banks over its handling of the near bankruptcy of Metallgesellschaft and the collapse of the Jürgen Schneider real estate empire. The Deutsche Bank board member who chairs the Metallgesellschaft supervisory board, Rüdiger Schmitz, has raised eyebrows by plunging into an unusually emotional and public debate with such critics as Professor Merton Miller, the Nobel Prize-winning economist.

• Politicians close to Chancellor Helmut Kohl are said to be angered by Deutsche Bank's threat to challenge in court any law that would force it to reduce its equity stakes in industrial companies and by the bank's recently announced plan to shift its investment banking activities from Frankfurt to London.

• Analysts complain about insufficient financial disclosure and say that Deutsche Bank's return on equity is unimpressive when compared with big U.S. banks.

• Looking to the future, critics say that despite profitable acquisitions of retail bank businesses in Italy and Spain, Deutsche Bank's overall strategy looks unimaginative, if stolid.

The bank's response has been to come out of its corner attacking what it calls a political threat to "expropriate" its controversial industrial shareholdings, to admit that there were management lapses, which caused the Schneider loan losses, and to launch a costly advertising campaign aimed at restoring its standing with the German public.

• Yet, some analysts and leading figures in the Frankfurt financial community say they detect something of a "bunker mentality" at Deutsche Bank.

"They've turned full circle," said Derek Bulman, a banking analyst at James Capel in Lon-

don. "Having been insensitive in the past to criticism they are now perhaps too sensitive."

"There seem to be some credit control weaknesses, and I think Deutsche Bank would admit that," Mr. Grant said.

"I think the bank has had a closer look at itself, has been stopped a bit in its tracks, and has had to reassess its internal controls," he added.

An executive at a rival British bank, speaking on condition he

**The bank's financial strength is not in doubt, but repairing the damage to its reputation could be complicated.**

not be named, called Deutsche Bank "a formidable institution." But he added that the bank "is not as well managed as it likes to pretend."

The view from the Deutsche Bank boardroom is obviously different from the outside perspective. During an interview in Munich last week, Rolf-Ernst Breuer, one of the 12 board members, offered a defense, as follows:

Mr. Breuer declined to make any profit forecasts, but he acknowledged that earnings from trading in foreign exchange, derivatives, bonds and other securities had suffered a "very substantial decline."

Analysts expect Deutsche Bank's 1994 pretax profit to fall slightly from last year's 4.6 billion Deutsche marks (\$3 billion). Net income is expected to fall from 2.2 billion DM in 1993 to less than 2.0 billion DM.

Loan loss provisions, including a previously announced 473 million DM charge for the collapse of the Schneider business, will be lower than the 3.3 billion DM recorded in 1993, but probably still above 2.0 billion DM.

But the bank's return on equity, which was 12 percent last year, considered to be poor by most analysts when compared with banks of comparable size in the United States though similar to that of other German banks.

Perhaps even more striking is the degree to which Deutsche Bank is depending on earnings from its Italian bank subsidiary and from its Luxembourg operations to offset what looks like being a lackluster interest and eminence income performance in Germany.

Mr. Breuer, 57, defended the way Metallgesellschaft handled

an oil futures contract in New York that brought the company to the brink of bankruptcy early this year. He denied the assertion by Professor Miller and other critics that the huge losses at Metallgesellschaft need not have occurred, claiming that the company was "technically insolvent" and needed a rescue.

When asked to respond to the complaint from other European banks that Deutsche Bank displayed arrogance in pushing

national investment banking operations with its Morgan Grenfell subsidiary in London. Politicians were upset because it was Mr. Breuer — as president of the Frankfurt Stock Exchange's operating company — who backed Mr. Kohl's drive to create a European financial center in Frankfurt.

He said he had not betrayed Frankfurt "because I never suggested that Germany should be the place where international securities should be traded." But he acknowledged that it would take three to five years before Deutsche Bank could hope to compete with investment banks such as Merrill Lynch & Co. or Goldman Sachs & Co.

Deutsche Bank's future strategy, meanwhile, would involve seeking to retain market share at home in retail and corporate banking, limiting other European retail banking business to Italy and Spain, and trying to develop capital markets business through Europe.

Analysts acknowledge that Deutsche Bank's future strategy seems solid enough but rather unexciting. Some say that given the problems of 1994, Deutsche Bank will remain under close scrutiny for many months. One analyst said Deutsche Bank's woes could eventually prove to be helpful to the bank because "they have been living in an ivory tower for much too long."

## "MULTIMANAGER N.V." IN THE INT'L HERALD TRIBUNE

Note to the prices for the Multimanager Funds as at 31-October-94 are as follows:

World Bond Fund	XEU	12.54
European Equities	XEU	14.36
Japanese Equities	JPY	8.32
Emerging Markets	USD	22.94
Cash Enhancement	USD	8.98
Arbitrage	USD	9.92
Hedge	USD	12.59

"An attachment has been made against certain assets of the company in Luxembourg for a value of USD 1,500,000. The possible effect of this attachment has not been taken into account on computing the above mentioned Net Asset Values."

**MeesPierson**  
Fund Administration  
(Isle of Man) Limited  
P.O. Box 156, 18-20 North Quay  
Douglas, Isle of Man  
Telephone: 44 (0) 624 688322  
Telex: 626159 MEESPI G  
Fax: 44 (0) 624 688334

Notice is hereby given that the ANNUAL GENERAL MEETING OF LUXOR INVESTMENT COMPANY will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on

Wednesday 14th December, 1994 at 14 hours, for the purpose of considering the following Agenda:

1. To receive and adopt the Management Report of the Directors for the year to 30th September, 1994.
2. To receive and adopt the Report of the Auditor for the year to 30th September, 1994.
3. To receive and adopt the Annual Accounts as at 30th September, 1994.
4. To appropriate the earnings.
5. To grant discharge to the Directors in respect of the execution of their mandates to 30th September, 1994.
6. To receive and act on the statutory nomination for election of the Auditor for a new term of one year.
7. To transact any other business.

The resolutions will be carried by a majority of those present or represented. The Shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company no later than twenty-four hours before the Meeting.

The present notice and a form of proxy have been sent to all shareholders on record at 1st November, 1994.

In order to attend the meeting, the owners of bearer shares are required to deposit their shares not less than five clear days before the date of the meeting at the Registered Office. Proxy forms are available upon request at the Registered Office of the Company.

By order of the Board of Directors.

## First nine months 1994

The results of ING Group for the first nine months of 1994 show a gratifying increase. Net profit rose by 18.7% to NLG 1,646 million (first nine months 1993: NLG 1,387 million).

Net profit per ordinary share went up by 13.5% to NLG 6.29. Both the insurance and the banking operations made positive contributions to the increased results. Total assets increased by 4.1% to NLG 353.4 billion in the first nine months of 1994.

After the strong increase by NLG 5.9 billion in 1993, shareholders' equity rose slightly from NLG 21.5 billion at the end of December 1993 to NLG 21.6 billion at the end of September 1994.

The Executive Board expects an increase in profit per share for the whole of 1994.

## Taiwan's Markets Prepare for Rally After 'Stability' Vote

Compiled by Our Staff From Dispatches

TAIPEI — The victory by the governing Nationalist Party in historic elections Saturday was an endorsement of political stability that is likely to give a boost to Taiwan's economy, business leaders said Sunday.

"The result is a triumph for stability, and that in turn should be good for business and the economy," said David Yu, manager of the Taipei Fund and vice president of National Investment Trust Co.

"This was a stabilizing election at home and in cross-strait ties," said James Robinson, a professor of the University of West Florida, who was in Taipei to observe the vote.

The strong showing by the Nationalists should propel a rally in share prices, analysts said. The market bullishness would be underpinned by Taiwan's good economic fundamentals, they said. The Taiwan dollar, which closed at 26.29 to the U.S. dollar, is also expected to strengthen.

The Nationalist Party, a huge corporate force that owns more than 100 companies, was the business leaders' favorite in Taiwan because of its close contacts with the island's powerful conglomerates, analysts said.

"The ruling party won the governor's race, and this will likely trigger a short rally for celebration led by the Big Three provincial banks this week," said Ben Chen, managing director of Barychays de Zoete Wedd. The Big Three banks are the First Commercial Bank, Hua Nan Commercial Bank Ltd. and Chang Hwa Commercial Bank Ltd.

"It's the best result we could have had, a modest change mixed with people's wish for stability and innovation," said Daniel Chen, chief economist of Chinatrust Commercial Bank, Taiwan's largest private bank.

(Bloomberg, Reuters)

## CONFERENCES, COURSES AND EXHIBITIONS

DEC 15 (6 p.m. to 8 p.m.)

Hotel Concordia Palm Beach.

2 Promenade de la Plage, 13008 Marseille.

U.S. & Foreign Commercial Service

(Marseille Delegation)

cordially invites you to

THE U.S./FRANCE TAX AND

FINANCIAL PLANNING SEMINAR

See the Annex for more information.

For further information, contact:

U.S. Tax Center: Tel: (01) 42 53 01 90 Fax: 116/6 09 01 32

Participation Fee: NLG 1,000,- per person

Call from outside France, replace "16" by "37"

MARSEILLE

FEB 25-28, 1995

Africa Trade & Investment Conference

To take place in Libreville, Gabon.

This high-level conference will bring together

business and industry leaders from the whole

of Africa, Asia, Europe and the Americas along

with African government and international

organizations to discuss trade & investment opportunities

in Africa. Key topics include investment climate

and sources of finance, Africa's stock markets and

specific industries.

Contact: Barbara Hayward

USA Tel.: (202) 822-3955

USA Fax: (202) 822-3956

GABON

TO ADVERTISE PLEASE CONTACT PARIS

ON FAX: (33-1) 46379370

LIVING IN THE U.S.?

NOW PRINTED IN

NEW YORK

## SKIES: Airlines' Balancing Act

Continued from Page 9  
France in direct competition with Air France.

British Airways has shares in regional subsidiaries in France and Germany, and it is likely to expand into fully owned subsidiaries once full deregulation is effect.

Analysts said that given the current overcapacity in Europe, state-owned carriers will have no choice but to cut costs and staff heavily as deregulation approaches.

But analysts said that even these reductions still may not be enough to absorb overcapacity in the European market. British Airways, which reduced staff to about 30,000 from more than 50,000, is one of the few carriers to reap the benefits of a determined cost-cutting program over many years.

The bright spot on the horizon

is increasing passenger traffic and revenue as Europe moves out of recession.

After a cost-cutting program, Lufthansa announced a return to profitability for the first six months of this year, and Air France says it expects to be profitable in 1995. But most of the state carriers are carrying a heavy debt load — about \$6 billion francs (\$6.5 billion) for Air France and an estimated 400 billion pesetas in the case of Iberia.

The improved financial situation in Europe reflects the global picture, where airlines stand likely to earn \$1 billion on scheduled international routes after piling up losses of \$15.6 billion in four straight years of losses. But \$1 billion still is less than 1 percent of earnings and is considered insufficient for steady recovery.

## Credito Italiano in Position to Claim Romagnolo

MILAN — Credito Italiano SpA looks set to emerge victorious from a protracted battle for control of Credito Romagnolo SpA, which would create the second-largest bank in Italy.

Credito Romagnolo's board accepted a sweetened deal from Credito Italiano, which will cost Italiano nearly 3 billion lire (\$1.9 billion). Credito Italiano's improved offer raised the price per share to 20,000 lire from an original 19,000 lire and committed it to buy up to 65 percent of Romagnolo's stock, up from 48.2 percent.

"The important thing is that it was accepted by the entire board," a Credito Italiano spokesman said. "It's a friendly offer."

Romagnolo's board described the new offer as "more

in line with the interests of the Romagnolo group and than its shareholders than that announced on Oct. 26 and as such likely to receive a different judgment."

Italiano now awaits approval for the move, which would be the largest-ever bank takeover on the Milan bourse, from the Bank of Italy, which is expected to consider it Monday.

Romagnolo further indicated its intent by dropping plans to merge with a local savings bank, Cassa di Risparmio di Bologna. Romagnolo made the plan as a so-called poison pill to fend off Italiano's initial offer.

Credito Italiano said it would stand by guarantees on Romagnolo's autonomy made last week in a first attempt to soften up its reluctant bid target.

Credito Italiano committed

itself to changing Romagnolo's statutes requiring the approval of 80 percent of shareholders for any merger attempted before the end of 1998.

Italiano also guaranteed that dividend payouts would not be less than 55 percent of profits until 1997 and said minority shareholders will have representation on the board.

Romagnolo said, "the com-

## S&amp;P May Cut County's Debt Rating

NEW YORK (Combined Dispatches) — In response to potential losses of \$1.5 billion in the investment fund of Orange County, California, the credit-rating concern Standard & Poor's Corp. said it might lower the county's debt rating.

The county's fund is facing the loss because of an aggressive but risky investment strategy that included heavy borrowing and the use of derivatives, which are financial instruments that derive their prices from those of other securities or commodities.

The Securities and Exchange Commission plans to pursue civil charges against Bankers Trust New York Corp. in connection with its sale of derivatives to some corporate clients, people familiar with the situation said.

(NYT, Bloomberg)

## Kazarian Renews Quest for Borden

COLUMBUS, Ohio (Bloomberg) — Paul Kazarian has asked to meet with the board of Borden Inc. on Tuesday to discuss "modifications" of his bid for a minority stake in the food and dairy company.

In a letter to Frank Tasco, chairman of the company, Mr. Kazarian asked that Borden bring as many directors as possible together with major shareholders and Wall Street analysts to a meeting after the market closes Tuesday.

Mr. Kazarian offered last week to pay \$430 million, or \$17 share, for 20 percent of Borden's stock. The offer includes a pending \$1 billion tender by Kohlberg, Kravis, Roberts & Co. for all of Borden's shares. That offer, set to expire Dec. 20, would swap \$14.25 of shares in RJR Nabisco Holdings Corp. for each Borden share. Borden's shares closed Friday unchanged at \$13.875.

## Peugeot Signs Deal in South Africa

JOHANNESBURG (AFP) — PSA Peugeot Citroen SA's president said Sunday it had signed a distribution agreement with McCarthy Motor Holdings that would return the French carmaker to South Africa after nearly a decade.

## CURRENCY AND CAPITAL MARKET SERVICES

**SABEX**  
FUTURES LIMITED

- \* 24 Hour margin based foreign exchange dealing
- \* Fast competitive rates with a personalised service
- \* Catering only to professional investors, Fund managers and institutions, for their speculative & hedging needs
- \* Up to date market information and technical analysis
- \* Full futures brokerage in all major markets

33 Cavendish Square London W1  
Reuters Dealing: SABX. Reuters Monitor: SABY/YZ (+ Daily fax)  
Tel: (071) 412 0001 Fax: (071) 412 0003  
Please call for further information.

**Catch The Big Moves**  
DO YOU SELL DEC DAY AT 21420?  
DO YOU BUY DEC S&P 500 AT 472, 55?  
DO YOU BUY COFFEE IN MARCH? OUR CLIENTS DID!  
Commodities/Financial Futures/Indices with specific "Buy", "Sell" or "Neutral" recommendations  
Request your 5-day free trial by sending a fax to Carol on 0204 6822272 int +44 824 6822272

**ECU Futures PLC**  
29 Chesham Place  
Balgrove  
London SW1X 8HL  
Tel: +41 245 0088  
Fax: +41 236 6599.  
Member SFA.

**FUTURES & OPTIONS BROKERS**  
**\$32** ROUND TURN  
EXECUTION ONLY

**Keystone**  
INTERNATIONAL CAPITAL GROUP LTD  
120 E. Randolph Plaza  
Chicago, Illinois 60605  
Member NFA

**Everyday Offer To Professional Traders**  
US Commodity Exchanges  
**\$24.75**  
312-207-0117  
For All Futures & Options  
Report Any Price Free

**CURRENCY MANAGEMENT CORPORATION PLC**  
11 Old Jewry - London EC2R 8DU  
Tel: 071-865 0800 Fax: 071-972 0970  
**MARGIN FOREIGN EXCHANGE**  
24 Hour London Dealing Desk  
Competitive Rates & Daily Fix Sheet  
Call for further information & brochure

For further details on how to place your listing contact: WILL NICHOLSON in London

Tel: (44) 71 836 48 02 - Fax: (44) 71 240 2254

Herald Tribune

## INTERNATIONAL CLASSIFIED

## ANNOUNCEMENTS

Attention visitors  
from the U.S.!



If you enjoy reading the IHT  
when you travel, why not  
also get it at home?  
Same-day delivery available  
in key U.S. cities.

Call (1) 800 282 2884  
(in New York call 212 522 3870)

Herald Tribune

Maria Schenck, the owner of a  
small 21,000-sq-ft exclusively  
of WINBERG's - leading men's store -  
13, Bohaterow, 01-51 29 50

ALCOHOLICS ANONYMOUS English  
speaking members, 1000 1st floor, 102, Paris  
(1) 45 21 65, 606 07 02

MOVING

**AGS** INT'L  
MOVING

A.G.S. PARIS (33) 40 80 23 40  
A.G.S. LONDON (44-18) 941 7595  
A.G.S. BRUSSELS (32-2) 524 25 08  
A.G.S. MILAN (39-01) 52 25 08  
A.G.S. MADRID (34-91) 26 67 91  
A.G.S. BUDAPEST (36-1) 163 40 50  
A.G.S. PRAGUE (42) 685 7216  
A.G.S. WARSAW (48-22) 582 332

**INTERDEAN**  
INTERNATIONAL MOVIES  
FOR A FREE ESTIMATE CALL  
PARIS (1) 39201400

REAL ESTATE  
FOR SALE

## MONACO

CROISSY SUR MER (78): In a small,  
safe complex on the banks of the  
Seine, 100m from the beach, 100m  
from the harbor and police, 540 sqm, living  
space and two terraces. For further  
details contact Agence Immobiliere,  
9 ave d'Orléans - MC 78000 Montrouge.  
Tel: (33) 92 16 90 00

## PARIS &amp; SUBURBS

CROISSY SUR MER (78): In a small,  
safe complex on the banks of the  
Seine, 100m from the beach, 100m  
from the harbor and police, 540 sqm, living  
space and two terraces. For further  
details contact Agence Immobiliere,  
9 ave d'Orléans - MC 78000 Montrouge.  
Tel: (33) 92 16 90 00

## SWITZERLAND

GENEVA 5 min. center, High class  
residences with guaranteed revenue.  
88 77 1991. Tel: 264-48 56 78REAL ESTATE  
TO RENT/SHARE

## PARIS AREA FURNISHED

IDEAL ACCOMMODATION  
READY TO MOVE-IN

## TOP QUALITY - credit cards accepted

## De Circuit Associates

## PARIS AREA UNFURNISHED

## AGENCE CHAMPS ELYSEES

## PARIS 75008

## PARIS 75001

## PARIS 75006

## PARIS 75007

## PARIS 75008

## PARIS 75009

## PARIS 75010

## PARIS 75011

## PARIS 75012

## PARIS 75013

## PARIS 75014

## PARIS 75015

## PARIS 75016

## PARIS 75017

## PARIS 75018

## PARIS 75019

## PARIS 75020

## PARIS 75021

## PARIS 75022

## PARIS 75023

## PARIS 75024

## PARIS 75025

## PARIS 75026

## PARIS 75027

## PARIS 75028

## PARIS 75029

## PARIS 75030

## PARIS 75031

## PARIS 75032

## PARIS 75033

## PARIS 75034

## PARIS 75035

## PARIS 75036

## PARIS 75037

## PARIS 75038

## PARIS 75039

## PARIS 75040

## PARIS 75041

## PARIS 75042

## PARIS 75043

## PARIS 75044

## PARIS 75045

## PARIS 75046

## PARIS 75047

## PARIS 75048

## PARIS 75049

## PARIS 75050

## PARIS 75051

## PARIS 75052

## PARIS 75053

## PARIS 75054

## PARIS 75055

## PARIS 75056

## PARIS 75057

## PARIS 75058

## PARIS 75059

## PARIS 75060

## PARIS 75061

## PARIS 75062

## PARIS 75063

## PARIS 75064

## PARIS 75065

## PARIS 75066

## PARIS 75067

## PARIS 75068

## PARIS 75069

## PARIS 75070

## PARIS 75071

## PARIS 75072

## PARIS 75073

## PARIS 75074



## HUNGARY

## HARD ECONOMIC BATTLES HAVE BEEN FOUGHT, SAYS MINISTER

Laszlo Pal has been Hungary's minister of industry and trade since July 1994. Born in 1942, Mr. Pal has degrees in energy engineering and industrial management, and has worked as a development engineer in various research and public-sector bodies. In 1990, he was elected to Hungary's parliament. In the following interview, he explains the government's economic priorities.

Many international observers waver between optimism and pessimism when evaluating the performance of your country's economy. What is your government's assessment of the economic outlook for Hungary?

First and foremost, there's been no wavering from the Hungarian end. Both this

government and its predecessors have seen the situation clearly from the outset, and there have been no wild swings in either evaluation or actions. This fundamental consensus as to the state of Hungary's economy is behind the continuity and consistency shown in our economic policies and repeatedly remarked upon by many foreign observers.

There's also been a common perception of what Hungary's underlying assets are and how to parlay them into solid economic growth. The assets are well-known: decades of experience in conducting international business, high levels of work-force education and expertise, capable entrepreneurs and executives, and a range of new technologies.

To fully activate these as-

sets, Hungary has knocked down all the walls between it and the world's business community, opening its economy to the international market. Each government has played a role in formulating the structures furthering this openness.

All three governments have had to deal with the huge debt load accumulated over the previous 40 years. All three have had to configure a fully developed system of social support to fit into the limits imposed by budget realities. These have been hard, not entirely successful battles.

There is also a consensus as to what the current situation of the economy is. Thanks to the implementation of a "no frills" approach to the budget. We've proven ourselves to be fiscal realists, and much more tough-minded in terms of budget-

ing than our predecessors. If I may say so, the previous government had a laissez-faire approach to boosting exports, and that was probably one cause of the last two years' drop in exports.

This government has taken a hands-on role. By way of an example, we've been reaching out to neighbors in Central and Eastern Europe, formulating new trade ties and working agreements. In the Comecon era, these countries had been our major trading partners. Today, they are promising markets for our high-quality goods and services. Our efforts are already showing solid results.

As the above example shows, a consistency in approach and perception does not mean an unqualified endorsement and perpetuating of previously enacted measures. This government is attacking many of the country's persisting problems in a new way.

In the debt area, for instance, we have worked with the National Bank of Hungary to step up collection procedures from countries owing money to the Hungarians, and we are making full use of the country's positive cash flow in managing debt-related expenditure.

Many of Hungary's recent problems have arisen from events outside its control and outside the country. What effect will the ongoing improvement in the world economy have on your country over the next few months?

If coupled with further

progress toward integrating Hungary and its economy into the EU, this upswing could produce several more percentage points of GDP and industrial growth. This "post-recession bonus" would have a direct impact on how normal Hungarians - and that description definitely applies to members of this government - live and work.

Over the last few years, we've all made some very necessary, very hard sacrifices in the interest of long-term economic progress. It would be gratifying to see these sacrifices pay off.

Interview by T.S.



## AIM IS INTEGRATION INTO EU AND NATO

Good relations with neighbors seen as essential.

When Hungary's new Socialist prime minister, Gyula Horn, took office this summer, he announced, "I am the prime minister of 10.5 million Hungarians."

He was contradicting a statement by a former prime minister that Budapest could provide leadership to 15 million Hungarians, including the several million ethnic Hungarians living outside Hungary's borders in Romania, Slovakia, Serbia and Ukraine. This has been a thorny issue in Hungarian foreign policy.

Large parts of Hungary were awarded to neighboring countries as the Hapsburg empire was disbanded at the end of World War I, resulting in large ethnic minorities living in states with a different national majority. Concern for the rights of those minorities and mutual suspicion has at times soured relations between Hungary and its neighbors.

But the new government is determined to overcome past differences. Much-desired integration into the West, they argue, can only

be achieved on the basis of stable international relations in the region.

"If we do not normalize our relations with our neighbors, I do not think Hungary would be welcomed as a partner by the European Union or NATO," says Hungary's foreign minister, Laszlo Kovacs.

## Bilateral treaties

Mr. Kovacs is referring to the two major priorities for Hungary's foreign policy. The first is integration into the Euro-Atlantic community and accession to the European Union and NATO. The second is to diffuse the tension that has accumulated with Hungary's neighbors.

The new government is working energetically toward concluding bilateral treaties with Slovakia and Romania that would confirm the permanence of present borders and guarantee the rights of ethnic minorities.

The issue of minorities is one of the most crucial in the region, as demonstrated by the ongoing war on Hungary's southern border be-

## BEST WINE

Snuggled into the picturesque Zemplén hills in northeastern Hungary, the vineyards of the Tokaj region produce wines (also known as Tokay) that are the envy of winemakers the world over.

The Tokaj Aszu dessert wine is produced by adding grapes affected by noble rot to partially fermented wine. The pungent sweetness of the grapes gives Tokaj Aszu a distinctive flavor that has remained unique, despite would-be imitators.

The state winemaking collective in Tokaj has been broken up, and foreign investors are now rushing into Tokaj. Winemakers are promoting wine tourism by offering tours of the ancient wine cellars of Tokaj and tastings of the best vintages.

Skill at work: a quality control engineer conducts a test at a Japanese-owned car plant in Hungary.



SUSAN BAGLEY/HUNGARY

tween the successor states of Yugoslavia. With borders adjoining both Serbia and Croatia, as well as Ukraine and Austria, Hungary walks a diplomatic tightrope at times.

"Hungary is located between East and West geographically," says Mr. Kovacs. "Just for this reason, we have to have good relations with both East and West." Demonstrating its capacity to act as a bridge, Budapest is hosting the summit meeting this month of the Conference of Security and Cooperation in Europe.

## Joint exercises

Hungary is waiting for progress in its accession to NATO, which depends more on strategic considerations.

In September, a brigade of the British Coldstream Guards arrived in Hungary for three weeks of joint military exercises with some of Hungary's elite troops, including a new Hungarian brigade set up to participate in future NATO peacekeeping exercises.

The giant U.S. corporation General Electric led the way. Toward the end of 1989, GE began negotiating for the purchase of Tungsram, the state-owned electric light bulb manufacturer. GE then set about restructuring the company, investing heavily in a new plant, improving efficiency through staff training and, inevitably, cutting jobs.

Since 1990, GE has invested over \$600 million in Tungsram. (This was the largest foreign investment in

Hungary until the Magyarcom consortium of Ameritech and Deutsche Bundespost Telekom took a 30.4 percent stake in Matav, the Hungarian Telephone Company.) Tungsram's workforce shrank from over 18,000 to just 9,500, but the company started to recruit about 1,000 new workers in 1994. GE closed two plants in England and one in Australia this year and shifted production to Hungary. After four hard years, Tungsram has turned serious losses into a small profit, and the 1994 figures are expected to show further improvements.

**Car manufacturing**  
The automotive industry has moved into Hungary in force. Previously, Hungary was known for its heavy engineering, producing trucks and coaches. Now Ford, Suzuki, General Motors and, most recently, Audi have all set up manufacturing operations, taking advantage of the availability of skilled workers.

These early birds won large tax concessions from

the government, including 100 percent tax holidays for five years (with all profits reinvested in the country), and a 60 percent tax break for a further five years.

Hunguard is a division of the Michigan-based Guardian Industries. In 1988, this glass manufacturer set up a joint venture with the Hungarian Glass Works in Oroshaza, southern Hungary. The plant uses float glass technology to make precision panes for architectural use, mirrors, picture frames and the automotive industry. Altogether, Guardian has injected \$70 million in capital into the plant, buying out the joint venture partner.

"There is very good potential in Hungary," says Rolf Stub, Hunguard's finance director. "With a good capital base, there is good opportunity to grow a successful business."

**Capital needed**  
Mr. Stub points out that the high cost of borrowing means high capitalization is vital to carry a company

through difficult times. Hunguard exports up to 75 percent of its output, and Hungary's central position within Europe and good transport links have helped cut costs and improve competitiveness against other European glass makers.

Beginning in 1995, companies will have a further incentive to set up in Hungary. The corporate tax rate in Hungary will be one of the lowest in Europe. The tax law has not actually reached the statute books, but corporation tax is due to be halved from its present 36 percent rate to 18 percent. There will be a 25 percent withholding tax on profits that are repatriated.

Andre Friedmann, tax partner at KPMG in Budapest, points out that the large number of tax treaties Hungary has with other countries often reduces this tax. "Companies based in, say, the U.K., that own more than 25 percent of a company in Hungary will pay just 5 percent on profits taken out of the country," says Mr. Friedmann. Lucy Hooker

## MOFA

FIBREBOARD FACTORY OF MOHÁCS

H-7701 Mohács, Budapest Highway, P.O. Box 129. Phone: 36/69-311-922 - Fax: 36/69-322-742

## Build on a company with a well-fashioned range of products and international ties

MOFA is Hungary's largest and most successful producer of fibreboard, and a leader in its field in Europe. The company's natural, lacquered and laminated fibreboard and hardboard are used in the constructional joinery, construction and furniture industries all around the world. In addition, the roofing boards of refrigerators and the inside covering of buses are produced from fibreboard.

In 1994, exports accounted for fully 50% of MOFA's 1.200-million-forint in sales. It supplies its goods to almost every country in Europe, from Scandinavia to Cyprus; big volumes are sold to the Italian, German and Austrian markets, as well as to Croatia, Slovenia and Greece.

Recently, the company expanded sales to the Near-East, and it has started transport to Lebanon as well. The company has a well-developed network of representatives in both the Hungarian and export markets.

MOFA is a well-established company, with a new management and a commercial structure. Over its almost four decades of operation, the company has made its "MODEKOR", "MOLAKK" and other trade names synonymous with product quality.

In early 1994, the company was privatized. Since then, it has started to produce such new products as wall coverings finished with different designs. These elements are especially good for the inside paneling of houses, flats and offices.

The long-term plans of the company include an OSB production plant; based on it there is also a planned investment in a plant producing prefabricated houses. This product has been highly appreciated in the U.S.A. for a long time, and it is also catching on in Europe.

Prefabricated houses, as long as they are affordable, can offer a good way to alleviate the Hungarian housing shortage. On the other hand, once the Southern Slav war is over, they can help rebuild these countries.

In addition to the company's reputation, its track record of successful operation (sales have risen 12% over last year) and its exciting range of products, MOFA has a number of other important assets. It is located in Mohács, a town on the Danube, which has its own port. Production facilities are in a good condition, and all necessary infrastructure is provided and can be further developed.

MOFA is seeking investors with the capital required to finance the expansion of the company's international activities, and to contribute to the realization of the plans for new developments (OSB plant, prefabricated houses.)

For a complete briefing on the exciting opportunities that would be provided by working with MOFA, please contact:

**MOFA** Dezsö Szántó General Director  
H-7701 Mohács, P.O. Box 129  
Tel.: 36/69-311-922 - Fax: 36/69-322-742

MOFA wishes to take this opportunity to thank the US's AID program for the machinery and other support generously provided to the company.

**Hungarian Bank for Investment and Development Ltd.**  
is your partner in:

- ★ long-term investments
- ★ restructuring of companies
- ★ investment consulting and services
- ★ project financing
- ★ fund management
- ★ financial services

The Hungarian Bank for Investment and Development established in 1991 is a long-term bank promoting the reorientation of the Hungarian economy, the development of the competitive sector, the infrastructure and the small- and medium-sized enterprises throughout the country.

Address: Hungary, Budapest V., Nádor u. 31  
Phone: (36-1)-153-0023  
Fax: (36-1)-153-0009, Telex: 22-4701  
Mailing address: H-1365 Budapest 5. POB 678

## figyelő

How would you like to discover an untapped market potential in Hungary? Imagine a

precise media covering 70,000 influential decision makers

nation-wide. And all this

at attractive media rates.

Figyelő Economic Weekly provides a unique and full coverage of Hungarian business events. That's why Figyelő is considered essential reading by decision makers throughout Hungary.

For more information call (361)-111-1850, (361)-131-0395, or send a fax to (361)-153-0106

Figyelő Publishing Ltd.  
Budapest, Alkotmány u. 10.  
1054 Hungary

## HUNGARY

## THE WHOLE WORLD WATCHES AS TELEPHONES GO PRIVATE

*The telecommunications sector has been a major beneficiary of foreign investment.*

The privatization of Matav, the Hungarian telephone company, in December 1993 was the largest privatization in Eastern Europe and attracted global interest. From September 1993, when the tender was launched, until the announcement of the winning consortium on December 19, 1993, almost every telecom company in the world had an eye on Hungary. If

an extensive modernization program. Just over 250,000 new subscribers will have been connected to their local exchange by the end of 1994, a growth rate of 19.3 percent, very near the target stipulated in the concession contracts. Matav will then have 1,545,000 direct exchange lines.

This level of system development does not come cheap. Matav will have spent

It is not just the terrestrial telephone system that is improving. Hungary has two GSM mobile phone operators as well as an analogue 450 MHz provider. The older technology for mobile phones came to Hungary when U.S. West and Matav established Westel Radiotelephone in 1990. It won over 50,000 subscribers. In early 1994, the competition really began to



A portable phone is sold in Budapest, where the competition among mobile phone operators has become intense.

they were not participating, they were interested in which of their rivals would eventually win.

Since then, the new joint venture partners – the U.S. Ameritech, the German state telecoms provider Deutsche Bundespost Telekom and Matav – have embarked on

\$645 million on upgrading its technology and services in 1994 alone, according to Ulrich Schaumann, Matav's chief technical officer. As a result, Hungary will have optical-fiber links with all its neighboring countries, and Budapest will have ISDN services this year.

L.H.

## BEST RESTAURANT

During 40 years of communism, Hungary's once-famous cuisine lost much of its flair. Robert Cai-Bert is changing that. After extensive research in the Far East, he produced a new Hungarian cuisine, which he is introducing in Budapest's Fortune restaurant.

"Here in the Fortune, we are trying to rebuild Hungarian cuisine by taking into account its Asian roots," he says.

Fogash fish from Lake Balaton is served on a bed of sauerkraut under a fine layer of bat-

con. Beef from the long-horned cattle of the Great Plain is served in a sour cream sauce with gherkins.

"Old Hungarian food, harmony had to be achieved between five basic tastes – sweet, sour, bitter, salty and spicy – no one taste could dominate," says Mr. Cai-Bert.

In January, the Fortune is going to offer food literally fit for a king – for a royal gala in Sweden.

T.R.S.

bite, with the two 900 MHz GSM providers, Pannon GSM and Westel 900, battling for market share. Neither company has released data on the number of its customers, but both say demand is well above their original estimates.

Up to the early part of 1993, trading in Fotex, a diversified retail group, accounted for about 90 percent of all equity transactions on the exchange. Turnover in government securities comprised 80 percent and 90 percent of total turnover. This is changing. Now, stock transactions make up 30 percent of activity on the exchange.

In 1993 and early 1994, the listing of several major shares dramatically improved and stimulated the

interest of both domestic and foreign investors. In 1993, total turnover on the exchange rose by 550 percent, up to 195.69 billion forints (\$1.78 billion) from 33.67 billion forints in 1992. By the end of this year, turnover will have passed the 200 billion forint mark.

Lajos Bokros, the chairman of the Budapest Stock Exchange, believes this progress will continue. "The capitalization and turnover of the BSE will increase very rapidly," he says. "It will double the size of capitalization next year."

About 50 brokers are licensed to operate on the exchange. The majority have the capital requirement of 50 million forints that allows them to underwrite issues.

Foreign interest The quality of new shares coming to the stock market has boosted the image of the exchange. Some of the earlier listings included some un-

reconstructed companies. Many did not trade for months on end. With the advent of shares like Danubius Hotels, Primagaz, Csemege Julius Meinl and Zwack in 1993 and a raft of further listings in 1994 such as Inter-Europa Bank, Egis, Graboplast, Sopron Sorgyar, Globus, Pannonplast and Pharmavit, the BSE can

boast quality companies with strong management.

The exchange has also become part of the privatization process. Of the 40 shares on the exchange in September 1994, 19 had been privatized. Foreign investors have driven the share market up, with 80 percent of turnover coming from non-Hungarian purchasers.

The prospects look even better. "We expect to see some big issues like public utilities, the electricity company, the gas distribution companies and Matav," says Mr. Bokros.

Other shares likely to be listed include those from the energy sector, which the government intends to privatize.

Tim R. Smart

## CAPITALISM'S RETURN MEANS A BOOM IN STOCKS

*The number of shares offered – and the quality of the companies involved – has grown dramatically in the past four years.*

The Budapest Stock Exchange was the first bourse to be launched in Eastern Europe after the Berlin Wall collapsed. June 1994 marked the fourth year of operation for the exchange. While remaining smaller than other Central European exchanges, it is expanding slowly and exhibiting more stability as it matures. Today, 40 shares are listed, almost double the 1992 number.

Up to the early part of 1993, trading in Fotex, a diversified retail group, accounted for about 90 percent of all equity transactions on the exchange. Turnover in government securities comprised 80 percent and 90 percent of total turnover. This is changing. Now, stock transactions make up 30 percent of activity on the exchange.

In 1993 and early 1994, the listing of several major shares dramatically improved and stimulated the

reconstructed companies. Many did not trade for months on end. With the advent of shares like Danubius Hotels, Primagaz, Csemege Julius Meinl and Zwack in 1993 and a raft of further listings in 1994 such as Inter-Europa Bank, Egis, Graboplast, Sopron Sorgyar, Globus, Pannonplast and Pharmavit, the BSE can

boast quality companies with strong management.

The exchange has also become part of the privatization process. Of the 40 shares on the exchange in September 1994, 19 had been privatized. Foreign investors have driven the share market up, with 80 percent of turnover coming from non-Hungarian purchasers.

The prospects look even better. "We expect to see some big issues like public utilities, the electricity company, the gas distribution companies and Matav," says Mr. Bokros.

Other shares likely to be listed include those from the energy sector, which the government intends to privatize.

Tim R. Smart

## PORTFOLIOS LEAD THE WAY

*More and more capital is flowing into Hungary in the form of portfolio investment. Estimates for this form of investment in 1994 vary between \$250 million and \$400 million.*

"Hungary had been early in the process of opening the economy to market forces and in some sectors, such as food and pharmaceuticals," says Glen Wellman of the Central European Growth Fund of Credit Suisse First Boston, which has \$200 million under management. "The Hungarian market has been attractive be-

cause good-quality companies have been brought to the market at realistic prices."

Speaking just after a visit to Budapest, Rory Landman, a director of Baring's Investment Management in London, says: "We like the opportunities on the micro level." But Mr. Landman says the government has tough decisions to make about the macroeconomy, such as cutting the budget deficit, reforming social security and raising energy prices. Once this picture has been addressed, more money will flow Hungary's way.

T.R.S.

## TURNAROUND YEAR' ENDS WITH MODEST GROWTH

*Continued from page 13*

cent spurt in industrial output.

"For me, the great vote of confidence is the fact that the international business community takes Hungary's financial probity for granted," says Mr. Bod. "No one ever questions the ability and willingness of Hungary's public and private sectors to meet their commitments and obligations."

Rise in outlays

In office since July 14, the new left-center government has shown itself to be more "hard-line" than its predecessors, recently announcing a further wave of price hikes and support cuts. Despite this stepping-up of an already severe austerity program, Budapest still has a prosperous, bustling air.

In fact, by informal standards, the city's affluence has reached mainstream West European levels. Modern Western automobiles make up a large percentage of the city's worsening traffic jams. On many main arteries, the number of fast-food franchises has doubled over the past year.

The country's "shadow economy" has also grown and was recently estimated to be one-third the size of the official one.

"It has gotten larger," agrees Mr. Pal, "because the volume of informal business relationships between the various sectors of the Hungarian economy and with the outside world has been drastically expanding. Also getting larger are our efforts to bring the shadow economy into the official one. As one of many examples, our tax authorities are getting new, powerful computers and are engaging in a major recruitment of staff."

Terry Swartzberg

Cardinal policy point "There is a very direct connection between the phenomena," says Mr. Pal. "Today's debt load was an unfortunate legacy of the pre-1989 government. Debt service is largely responsible for the current deficit. Nevertheless, all three post-revolution governments have made fulfilling all international financial obligations a cardinal point of policy – and for a very good reason." He adds: "Our five years of unswerving adherence to international rules of business play have won us the confidence of the world's business community. Ample proof of this confidence is provided by the foreign investment figures."

By the end of October 1994, \$1 billion had been invested by non-Hungarian companies in the country, bringing the cumulative total to \$8 billion and keeping Hungary at the top of the regional charts. Importantly, some 40 percent of that sum has gone directly into manufacturing facilities – investments that are behind the re-



## Welcome to the Grand Hotel Corvinus Kempinski Budapest

European hospitality in the very heart of the Hungarian capital. A hotel world of its own: 369 luxurious rooms and suites offer stylish accommodation. Elegant restaurants and bars, Business Center, pool, sauna, solarium, massage and fitness studio, boutiques, Airport Limousine Service, dry cleaning, extensive meeting facilities and 24-hour room service augment the amenities of life and travel à la Kempinski.

## GRAND HOTEL CORVINUS

Kempinski Budapest

H-1051 Budapest, V. Erzsébet tér 7-8.

Tel.: (361) 266-1000, Fax: (361) 266-2000

Reservation and Information

in Germany: 0130-3339 Toll Free

Partners of Lufthansa Miles & More

THE FINEST IN EUROPEAN HOSPITALITY



International Exposition of Nature, Hunting and Fishing

BUDAPEST

15 August - 8 September, 1996

in the seventies, marking that with the Budapest International Hunting World Exhibition '71, a group of Hungarian businessmen, nature protectors and bankers grew enthusiastic and decided to revive the exposition on commercial basis. The idea was accepted very favorably, and the initiative was welcomed by statesmen, experts and laymen alike. It seemed evident to them that both nature conservation and hunting should be approached from a different point of view within the scope of an international event.

The success of the Budapest International Hunting World Exhibition '71 has been a very frequent topic of conversations among hunters due to its 2.5 million visitors, the overwhelming shows and favorable publicity worldwide. The trophies and the innovations in wildlife conservation exposed in 1971 have received praise: articles and reports came to light in technical

journals in the seventies, marking that with the Budapest International Hunting World Exhibition '71, a group of Hungarian businessmen, nature protectors and bankers grew enthusiastic and decided to revive the exposition on commercial basis. The idea was accepted very favorably, and the initiative was welcomed by statesmen, experts and laymen alike. It seemed evident to them that both nature conservation and hunting should be approached from a different point of view within the scope of an international event.

First a consortium was formed for the preparation of the International Exposition of Nature, Hunting and Fishing '96 by five companies: OTP National Savings and Commercial Bank Limited, MAVAD - Hungarian Game Management and Trading Company Limited, HUNGEXPO Company Limited for Fairs and Publicity, Pilis Park Forestry Limited and Kettner-Hajas Ltd., and with the participation of Mr. István Egyed, the general manager of the project and head of Naturexpo '96 Ltd., the organizer company. It was formed to organize the event after getting all the necessary permissions. One of the largest Hungarian commercial banks, OTP National Savings and Commercial Bank Limited, is a majority shareholder in Naturexpo '96 Ltd., and this very bank will finance the preparation of the whole project.

Since June 1993, the time of the first press conference, a great many of applications for the exposition have already been registered. Among the group of supporters are C.I.C. (International Council for Game and Wildlife Conservation), Ministry of Agriculture, the Ministry for Industry and Trade, the Ministry of Nature Protection and Water Treatment of the Republic of Hungary as well as the Hungarian Hunters' National Association. The chief patron of the event will be Mr. Árpád Göncz, President of the Hungarian Republic.

The Naturexpo '96 will be held at the Budapest International Fair Center between August 15th and September 8th, 1996. The basic themes of nature conservation, hunting and fishing will be touched upon: off-road vehicles, the newest results of wildlife conservation and environmentally friendly technologies; thousands of interesting and existing inventions will be shown. International organizations, multinational companies, and different countries will also be represented. There will be scientific conferences, films, book exhibitions and spectacular animal shows. A group of experts, marketing and advertising agencies are at work on the success of the exposition, among them Mr. Sándor Tóth, who was the chief organizer of the International Hunting World Exhibition '71.

There are a few months left until the opening of the International Exposition of Nature, Hunting and Fishing '96. In the meantime newsletters are being published, events and programs arranged and famous foreign guests invited by the leaders of Naturexpo '96 Ltd. with the aim of attracting as many Hungarian and foreign visitors to this special event as possible, and to make people feel the significance of the responsibility of mankind for the environment. The event is intended to be in a pleasant atmosphere, among plenty of interesting things to see.

According to plans, the continuation of the Nature Conservation conference in Rio will take place in Budapest in 1996, as part of Naturexpo. This nature conservation conference and exposition has a particular importance in giving an account of the newest results and future tasks of the scientists and laymen, and the sustainable use of the natural resources, because today the protection of the environment is the duty and personal responsibility of the whole of mankind.

"HUNGARY" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITER: Terry Swartzberg is based in Munich. Lucy Hooker and Tim R. Smart are based in Budapest. PROGRAM DIRECTOR: Bill Maher.

# Soon to be on sale: The finest state-owned properties in Hungary

*A new, far-reaching Act on Privatization is expected to greatly increase the number of blue-chip state-owned companies offered for sale in Hungary. Currently under consideration by the country's parliament, the Act is due to take effect early in 1995.*

*The Act is designed to further the Government of the Republic of Hungary's aim of building an economic system based on private-sector ownership of corporate assets, and of integrating this system into the world's business community. By securing investment from abroad, the Act will also enhance the ability of the country's companies to compete on the international level, as these foreign companies will provide their Hungarian partners with fresh capital and indispensable marketing and management expertise.*

## An accelerating pace of privatization

"The Act is designed to speed up the transfer of ownership from the public to the private sector," says Ferenc Bartha. Mr. Bartha has headed the country's privatization efforts since July 1994. His long and distinguished career includes stints as the president of the National Bank of Hungary (the country's central bank) and of the Banque Indosuez's branch operations in Hungary.

The Act will have a sweeping impact. The Government plans to sell 850 companies at present fully or partially owned by the state within three years.

**Wanted: cash on the barrel**  
In addition to setting up procedures accelerating the pace of privatization, the new Act places a high priority on facilitating purchases made on a cash basis. There is a simple and substantial reason for establishing this preference: to secure a further source of income for the nation's budget. The 1995 draft budget has pegged projected income from privatization to 150 billion forints (\$1.4 billion) — equivalent to one-third of the amount required to meet the year's debt payments. In the first half of 1994, only 27 percent of the 47 billion forints in privatization proceeds realized by the State Property Agency's (the coun-

try's trustee for companies to be privatized) was paid in cash. For the State Holding Company (the trustee for companies in which the public sector has a long-term interest), the comparable figures were some 45 percent of the agency's 22 billion forints in income.

### Focus on the energy sector

The Government has scheduled the privatization of Hungary's electricity and natural gas supply sector for the next few months. According to Mr. Bartha, any prevailing uncertainties affecting investment in this area are to be dispelled by the enacting of legislation and other measures. For instance, the Government is preparing to launch a major correction of energy prices. At present, the prices levied are lower than the cost of energy production and transmission. As Mr. Bartha points out, the setting of energy prices is a highly sensitive matter, as these prices in turn influence production costs and hence the profitability of the country's industrial sector. Energy prices also have a direct impact on standards of living. Due to these factors, the prices will be determined by the political process, which will also set up a comprehensible framework for the setting of charges in the future. This aspect is highly important, as future energy suppliers will have monopolies

in their sectors and kinds of energy. As is the case in Western countries, the state will continue to have a voice in the regulating of future suppliers.

### Bolstering the banks

By the end of this year, the Government intends to have formulated a plan of privatization for the country's banks. As of this writing, there is only one state-funded bank in which non-Hungarian investors hold a significant stake: the Hungarian Foreign Trade Bank (MKB), in which Bayerische Landesbank (Munich, Germany) and the European Reconstruction and Development Bank (EBRD, London) have a 42 percent shareholding. There are several foreign-owned banks in the country. The next commercial bank in Hungary to be privatized will probably be the Budapest Bank (BB). Standing in the way of the privatization of the other banks has been the reservations expressed by interested investors as to the quality of the loan portfolios held by the country's various commercial banks. These reservations are not unfounded. However, as part of the banks' debt consolidation process, the government has provided more than 300 billion forints in non-performing loan relief. These debts were a by-product of the process of economic transformation.

### For further information please contact

**Hungarian State Property Agency**  
Press and Marketing Department  
Tel. and fax: (+36-1) 267 60 60

**Hungarian State Holding Company**  
Press and Marketing Department  
Tel.: (+36-1) 267 66 51  
Fax: (+36-1) 209 37 48

However, the banks' privatization cannot be separated from events taking place on the country's capital markets, emphasizes Mr. Bartha.

### The capital markets hold the key

The Budapest Stock Exchange's daily turnover is less than those in Prague or Warsaw. The reason for this is that Hungarian companies are also quoted on Vienna's and other exchanges. Hungary's large utility companies are set for listing on the country's stock exchange. The first institutional investors in the country are now appearing. The Government intends to take all measures at its disposal to further both trends, notes Mr. Bartha in conclusion.

## Hungarian State Holding Company/State Property Agency

### New Privatization Strategy in Hungary

**H**ungary's privatization program is nearing the halfway point. According to the latest estimates, 47 percent of the public sector's total former holdings have now been privatized. There are varying valuations of the property privatized. According to the State Property Agency's data, it owned 1,800 companies worth 2 trillion forints (\$18 billion) in 1990.

It is on this basis that the 47 percent mentioned above was calculated. When compared to the results achieved by the other countries in Central and Eastern Europe, the figure illustrates the country's strong position within its economic region and the confidence international investors have placed in Hungary. This confidence manifested itself from the very start of the transformation process and ensued from a variety of practical factors. Hungary quickly established a legal framework conducive to the creation of a market economy. The country has also displayed a high degree of political stability. In recent years, Hungary's annual rates of working days lost to strikes have been among the lowest in Europe. Furthermore, the country has a large stock of highly trained, relatively inexpensive workers. In view of these factors, it is no wonder that some \$7.2 billion in non-Hungarian long-term capital has been invested in the country during the last four years, with this taking place both via privatization and via greenfield investment.

#### Heightened interest

Today, the early fast pace of investment has slowed. The reason is that many of the most profitable and promising companies have already been sold. A large number of highly valuable companies are still partially or totally owned by the public sector. These companies are, however, subject to the provisions of a special act of parliament, which sets the shares held by the government in the various companies. Another factor has been the heightened interest shown by investors in the region's other countries, increasing the level of competition for investment capital. Despite these factors, Hungary's position in its region remains strong.

The ideas guiding Hungary's approach to privatization have changed several times over the past few years. So-called "spontaneous privatization" was a common occurrence in 1989 and

1990, a period in which the legal framework for the privatization process was not yet fully in place. Acts setting up the State Property Agency and the Hungarian State Holding Company (charged with managing the companies to remain in the public sector's ownership on a long-term basis) were subsequently passed by Parliament.

The new government intends to accelerate the pace of privatization. It wishes to accomplish the sale of the remaining companies in public sector ownership and designated to be privatized within the next two to three years.

The first change instituted by the government was to reformulate the country's basic approach to privatization. A new strategy and a draft law were prepared by a committee of senior economists and successful business persons, after securing input from various professional bodies and government ministries. The draft law was submitted to the country's parliament in November. It should be passed by early next year, meaning that the new privatization approach and law could take effect by spring 1995.

The new strategy's underlying objective is to boost the overall growth of Hungary's economy. During the strategy's formulation, there were involved debates on whether it would be more productive to restructure the companies to be privatized before putting them on to the market, or to sell them in their current state and let the new owners do the job of revamping them. It was decided that the public sector should not attempt to save companies it had been unable to manage effectively.

#### Public sector

The public sector intends to reduce the number of companies currently held as long-term assets, and thus to merge the State Property Agency and the Hungarian State Holding Company. The debate as to the structure of the merged organization has yet to be concluded. Parliament will have the final say on this matter. The core of the debate is whether the new organization should be a joint stock company or a public sector agency. The position currently prevailing is for it to be a publicly owned company. The Minister of Finance would represent the owners and exercise executive power.

The ideas guiding Hungary's approach to privatization have changed several times over the past few years. So-called "spontaneous privatization" was a common occurrence in 1989 and

1990, a period in which the legal framework for the privatization process was not yet fully in place. Acts setting up the State Property Agency and the Hungarian State Holding Company (charged with managing the companies to remain in the public sector's ownership on a long-term basis) were subsequently passed by Parliament.

The companies to be held by the new organization are heterogeneous. The most valuable are the ones still entirely owned by the state and active in such important areas as utilities. These include Mogyoró Villamos Művek Rt. (Hungarian Electricity Co.), MOL (oil supplier), MATAV Co. (the country's

largest telecommunications company) and Hungary's natural gas companies. International investors have already expressed interest in acquiring these companies. Pharmaceutical companies are also considered to be highly attractive by the international business community.

#### Role of stock exchange

The new government has set a preference for purchases on a cash basis, as such purchases provide both the federal budget and the companies sold with an influx of funds. The new strategy also foresees that foreign companies will play an even greater role in the country's economy. The companies' capital expenditures could be channeled

through investment funds, as yet to be established. To this end, the government will make full use of the Budapest Stock Exchange. It is planned to float some 10 to 12 companies on the stock exchange within the near future.

At the same time, it is obvious that only a portion of the companies to be privatized will succeed in attracting investors willing to pay cash for their assets. For some 600-700 small and medium-sized companies, purchase by cash-paying investors remains the most desirable option. However, the management of these companies would accept some form of preferential buying system, in which payment is made on a staggered basis.

It is anticipated that a number of companies will be privatized by management buy-outs initiated by company work forces or executives. In such case, preferential schemes will remain in force. In fact, a new form of preferential payment has recently been formulated. In it, employees and executives buy 10 percent of the company's shares up front, with a further 40 percent to be purchased over a 10-year period.

After this, the new owners receive the rest of the company's equity free of charge. However, this solution will only be implemented in situations in which there is no other way to privatize the company in question.

## INTERVIEW WITH GYULA HORN

At the beginning of October, Gyula Horn, Hungary's prime minister, named Attila László to head the State Holding Co. The new director general, interviewed here, is 35 years old, unusually young by Hungarian standards for such a senior position. Mr. László describes himself as a technocrat. He is well-qualified for his position, having studied finance and having held a number of senior corporate positions.

*Your appointment coincided with changes in the ranks of the board of directors of State Holding Co. According to the government, the reason for these changes was the wish to place privatization experts in senior positions, and to thus expedite the privatization process. As you know, the State Holding Co. is set to be merged with the State Property Agency, meaning that your tenure as CEO will probably only last until the end of 1994. What can you accomplish during this limited amount of time?*

It is especially important to maintain the continuity of the privatization process during this period of transition, and to avoid any interruption of the ongoing work. A great deal of preparatory work also has to be carried out before the new law takes effect, because the new law will cause major changes in organizational structures. Through these changes, the privatization process will be made much more comprehensible to foreign investors, who will have to deal with only one agency.

*Some people have voiced the criticism that your company's privatization-related decision-making processes have slowed down lately. Instead of accelerating, as you have said should be happening, what is the truth of the matter?*

The companies held by the State Holding

Company are to be divided into two main groups. The first group is more numerous but their individual and total value is less. Companies in this group have share capitals of less than 1 billion forints (\$9.1 million). Their size makes them attractive to domestic investors. The companies attracting foreign interest are mainly in the infrastructure field. They supply electricity or natural gas, or are active in telecommunications.

To sell these companies, we are preparing highly detailed tenders and are conducting corporate audits undertaken according to international standards. At the same time, we are working on overall approaches to the privatization process which incorporate international practices. These approaches also take the interests of our country into account, as the infrastructure sector is of key importance to the future of the country.

*Approaches have been put together before, but few tenders resulted from them. What's different about this time?*

These large-scale infrastructural systems are currently state-owned and operated monopolies. We do not plan to change them into private-sector monopolies. Instead, to give an example, our plan foresees that individual power plants and network operators are to be privatized. They will then be linked to MVM Rt. (Hungarian Electric Co.) by trade supply agreements. MVM is currently the most valuable company in the country, with the value of its power plants, suppliers and network systems amounting to some 500 billion forints. The privatization plan for MVM should be completed by the end of November. It is derived from one compiled by Schroeder Co. of the U.K. Tender preparations may start as soon as December. However, the actual privatization will not take place until some time in 1995.

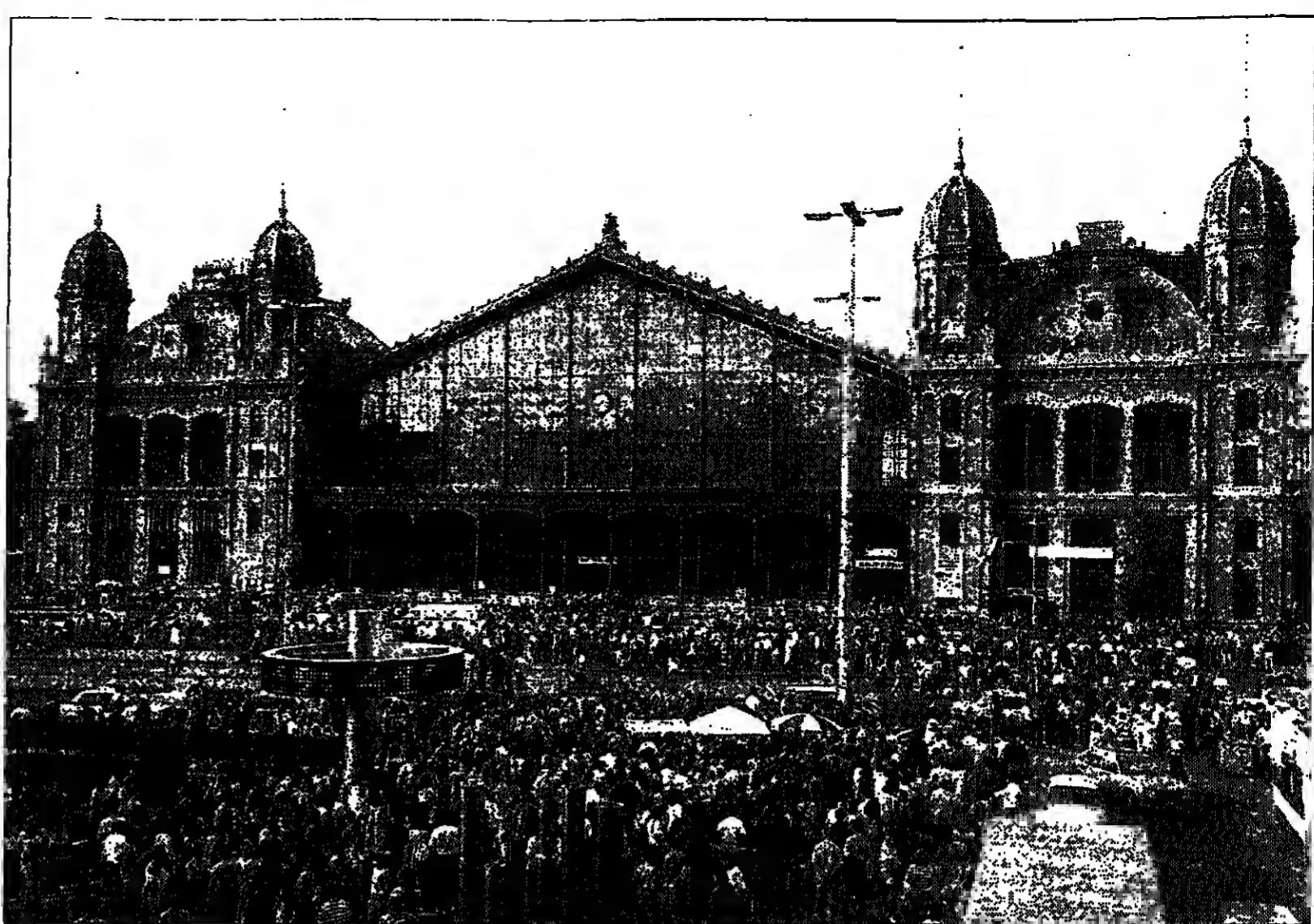
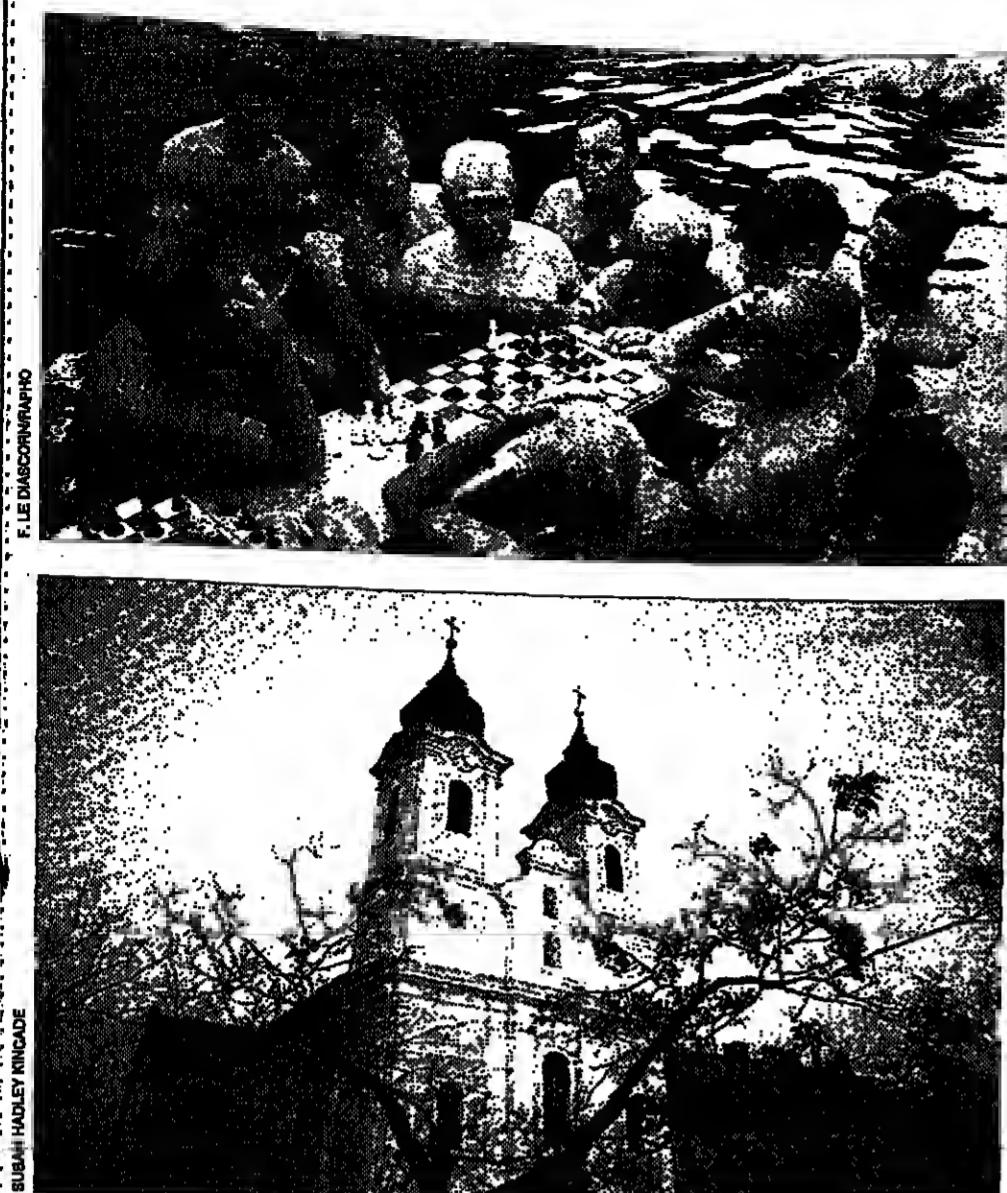
The plan for the privatization of the country's natural gas companies will be finalized during the second half of November. We are well aware of the fact that the existence of a clear and comprehensible tariff system is an important precondition for privatization. The Ministry of Industry is intensively working on such a system and I trust that this problem will be solved by next January.

The privatization of MATAV, the country's most important telecommunications company, is already partially completed. Thirty-three percent of its stock was sold by the State Holding Company last year. We are currently looking into floating the rest of its equity on the Budapest Stock Exchange.

One focus of our interest is the country's banks, an area in which interest from foreign investors is also strong. The most promising candidate for privatization is the Budapest Bank Co. An institutional investor is interested in the bank, but the completion of sale won't take place until 1995. The Budapest Bank has a shareholders' capital of 12.64 billion forints. We are preparing to launch OTP Co., the country's largest building society, on to the Budapest Stock Exchange. The bank's share capital amounts to 23 billion forints.

In the industrial sector, pharmaceutical companies have attracted most of the foreign investment. The privatization of these companies has already begun and is being carried out partially through sales to foreign investors, and partially by floating portions of the companies' equity on the Budapest Stock Exchange. We expect further investment by foreign companies in this regard.

## HUNGARY



Tourists arriving at Budapest have a choice that includes a relaxing game of chess in a heated pool or an architecturally interesting church near Lake Balaton.

BENITO BONEDERO

## CHALLENGES FACING TOURIST INDUSTRY

*The need for more – and richer – visitors opens up attractions outside the traditional destinations.*

In the first eight months of 1994, Hungary received 26 million foreign visitors. Income from tourism represents 8 to 9 percent of Hungary's gross domestic product, on a par with agriculture and telecommunications. Foreign exchange receipts in 1992-1993 amounted to \$3 billion. And in the first half of 1994, Hungary's income from tourism went up by 20 percent over the same period in 1993.

The 1,100th anniversary in 1996 of the arrival of the first Hungarians in the Carpathian basin promises to be a spectacular celebration that will draw visitors by the millions.

In the early 1980s, most of Hungary's visitors originated from other Eastern bloc countries and had little spending power, but now more and more tourists from Western Europe are vacationing in Hungary. The number of American tourists in Hungary has increased every year for the last 10 years, and this year looks likely to top the quarter of a million mark.

In the picturesque and well-preserved little towns near the Austrian border,

shopkeepers and hoteliers quickly learned how to cater to the streams of mostly Austrian visitors. Signs are painted in German, and people working in the service sector speak German.

Austrian and German guests come to shop, to sit in the *kaveházak* or cafés, or to soak in Hungary's famous spa waters. Health tourism has taken off in Hungary over the last few years.

**Renowned festivals**  
Others come for the renowned spring festival of classical music or for the jolliest wine festival around harvest time. Lake Balaton provides ideal facilities for wa-

terskiing, windsurfing, swimming and sunbathing. Budapest itself is a vibrant cosmopolitan city.

Two-thirds of the tourist industry is in private hands, and tourists are not being directed only to traditional tourist destinations, such as Lake Balaton and the historic sights of Budapest.

"These days tourists think differently about Hungary, and we definitely intend to change our image," says Ervin Pocs, director of policy and research at the Hungarian Tourist Board. "The attention of many Western tourists has moved from the seaside resorts to nature; the Great Plain, spa tourism,

hobbies. We have great possibilities if we build around our natural resources."

The challenge that Mr. Pocs faces is not only to increase the numbers of visitors, but also to attract tourists with higher incomes who will spend more per day.

"We would like to give a higher standard of service for mass tourism and a bigger assortment of services," says Mr. Pocs. "We would like to turn some of our hotels into real tourist complexes. We want to create completely new touristic products for the higher strata of the population from the West." T.R.S.

## BEST CULTURAL CENTER

For a taste of Hungarian culture, the place to go is a *Tančáz*, or dance house. The cultural house at Marczibányi Square, in Buda, hosts some of the region's liveliest and most authentic dances.

Bands accompany wild heel-kicking, leaping and spinning couples. Marczibányi cultural house offers everything from traditional Hungarian folk dance

to Moldavian and even Indian variations.

"It's a way to see a side of Hungarian culture that you do not see in normal tourist venues," says Christina Crowder, a 25 year old American musician living in Budapest. "This is Hungarian culture for Hungarians, but there are people who speak English. And if you want to learn the dances, you can." T.R.S.

## BORN OF ADVERSITY, A CULTURE THRIVES

*Like an island in a sea of Germanic and Slavic peoples, Hungary nurtures a distinct identity.*

A Hungarian will never tire of talking history. Over a glass of Bull's Blood or on the bus, informal conversations are often punctuated with historical dates and references to the lessons of past ages.

Knowing Hungarian history is the key to the Magyar heart, and if they wax melancholy on the subject, it is because of the tragic romanticism with which they regard their own fate.

Hungary is like an island, surrounded by what has, at times, been a hostile sea of Slavic and Germanic peoples. This has cultivated in Hungarians a strong patriotism and identification with their past.

To begin with, the language itself is an oddity, incomprehensible to Hungary's neighbors and unrelated to Slav or Indo-European language groups. Despite its Finno-Ugric origins, it is only very distantly related to languages such as Finnish and Estonian, and it presents a challenge even to linguists.

But it is not only the language that makes Hungary unique. A rich culture of traditional dance, crafts and music thrives in the countryside around Budapest. Peasant women still travel to market dressed in colorful folk costumes.

nomadic tribes from the east of the Ural mountains in Asia. They arrived in the Carpathian basin on horseback in 896 and settled down to prosper from agriculture and cattle-rearing.

But it has not all been plain sailing since then. Hungary spent 150 years under Turkish occupation and then had a rocky relationship with its Habsburg overlords until in 1867 a certain amount of autonomy was granted.

In 1920, Hungary was punished for its role in World War I. The Treaty of Trianon awarded two-thirds of Hungary's territory to its neighbors, and a third of Hungary's population became citizens of other states.

The rights of ethnic Hungarians living abroad is still a highly emotional issue in Hungary.

Despite its Finno-Ugric origins, it is only very distantly related to languages such as Finnish and Estonian, and it presents a challenge even to linguists.

The violent uprising against Soviet domination in 1956 forced another wave of Hungarians to emigrate. Many of them have achieved international repute in science and the arts.

Visitors to Hungary often laugh because every time an invention is mentioned, be it the television or the ball-point pen, their hosts will claim a Hungarian deserves some credit for its development.

Professor Erno Rubik's magic cube may have been just a simple toy, but it took the world by storm in the

1980s. And Hungarians have produced more winners of the Nobel Prize per capita than any other country.

Earlier this year, Hungarian-born John Harsanyi won the 1994 Nobel Prize for

Tim R. Smart

economics with two other economists for their work in applying the principles of games such as chess to complex economics issues. Hungarians have always been good at chess.

The invitation for bids is international and public. The documentation, including the conditions of the competition and technical information, may be purchased between 9:00 a.m. and 12:00 noon on work days up to January 12, 1995 at the non-refundable price of 30,000 HUF + 25% VAT, at Budapest Metropolitan Property Management Center Co. Ltd., 23-27 Vaci ut, XII floor, Budapest XII, H-1134 Hungary. Phone/Fax: +36-1/120-2278, 120-1278.

Tenders must be received before 14:00 p.m. January 20, 1995.

The opening of tenders: January 24, 1995, 10:00 a.m. A committee designated by the present owner will preliminarily evaluate tenders. The final decision ought to be made by February 28, 1995, by the General Assembly of the Municipality of Budapest.

Hungarian law requires that we notify bidders that the inviter of bids has foreign trade rights.

**Nomadic origin**  
Hungarians originate from

the Hungarian coffee shop.

COOPINFORM Co. offers for purchase a real estate with 11,200 m<sup>2</sup> area in central industrial area of Budapest, 6 km to Parliament, with full public utilities, industrial railway, 7200 m<sup>2</sup> building.

Address: Post Box 131, H-1443 Budapest 70, Hungary  
Phone: +36-1-121-0808 – Fax: +36-1-121-0807

## USEFUL ADDRESSES

Budapest Stock Exchange  
Deák Ferenc utca 5  
5th District, Budapest  
Tel.: 117 5226

Ministry of Finance  
József Nádor ter 2-4  
5th district, Budapest  
Tel.: 118 2066

State Property Agency  
Pozsonyi ut 56  
13th district Budapest  
Tel.: 269 8990



## FACES WHO MADE GOOD

Hungary's history is filled with remarkable figures who have made significant contributions to their country and the world. From the early days of the Hungarian Empire to the present, Hungarians have excelled in various fields, from science and literature to politics and arts. Some of the most notable figures include Imre Kálmán, a famous composer and dancer; Béla Bartók, a renowned composer and ethnomusicologist; and Ferenc Molnár, a prominent playwright. In the 20th century, Hungary produced several Nobel laureates, including Jenő Bóni, a chemist; Jenő Gáspár, a physicist; and Jenő Kálmán, a chemist. Other notable figures include János Károlyi, a political leader; Gyula Károlyi, a general; and Gyula Gáspár, a poet. These individuals have left a lasting legacy on Hungarian society and the world.



## CALL FOR TENDERS

On behalf of the Municipality of Budapest/H/ The Budapest Metropolitan Property Management Center Co. Ltd. hereby invites tenders to purchase

the exclusive property of the Municipality of Budapest in the fifth district of Budapest, at 12 Károlyi Mihály Street

The four storey /plus basement/palace was built in 1866 and designed by Miklós Ybl the most significant Hungarian architect of the period.

The aim of the tender is to choose the new owner of this historical building in the heart of downtown Budapest, who will renovate it while preserving its original architectural character.

The invitation for bids is international and public. The documentation, including the conditions of the competition and technical information, may be purchased between 9:00 a.m. and 12:00 noon on work days up to January 12, 1995 at the non-refundable price of 30,000 HUF + 25% VAT, at Budapest Metropolitan Property Management Center Co. Ltd., 23-27 Vaci ut, XII floor, Budapest XII, H-1134 Hungary. Phone/Fax: +36-1/120-2278, 120-1278.

Tenders must be received before 14:00 p.m. January 20, 1995.

The opening of tenders: January 24, 1995, 10:00 a.m. A committee designated by the present owner will preliminarily evaluate tenders. The final decision ought to be made by February 28, 1995, by the General Assembly of the Municipality of Budapest.

Hungarian law requires that we notify bidders that the inviter of bids has foreign trade rights.

## **NASDAQ NATIONAL MARKET**

---

**Consolidated trading for week ended Friday, Dec. 2.**

# MONDAYS SPORTS

## Sweden's 5th Title Is Full of Thrills

Compiled by Our Staff From Dispatches

MOSCOW — Yevgeni Kafelnikov beat Stefan Edberg, 4-6, 6-4, 6-0, Sunday in the third singles match of the Davis Cup final.

His victory, however, came three matches too late for Russia, since Sweden had clinched the 1994 title with another five-set thriller in the doubles match the day before.

In the last match, Magnus Larsson easily beat Alexander Volkov, 7-6 (7-4), 6-4, to make the final score 4-1.

Jan Apell and Jonas Björkman, less than two weeks after winning the ATP World Doubles Championship in Jakarta, had teamed to defeat Kafelnikov and Andrei Olhovskiy, 6-7 (7-4), 6-2, 6-3, 1-6, 6-4, and give Sweden an unbeatable lead in the best-of-five final.

This is Sweden's fifth Davis Cup title, its first in seven years.

"It was a lot of fun to win in Jakarta last week, but this is really something," said Apell, beaming beside his partner.

"This bigger, with the team and everything. After all, we play for Sweden."

Apell, 25, and Björkman, 22, became doubles partners two years ago and were invited only this year, along with 24-year-old Larsson, to join Edberg, who is now 28 and addressed as "father" on the national team.

"It's been a great memory for me," Edberg said.

It was even sweeter for John Anders Sjögren, the retiring captain whose first Davis Cup squad lost the 1989 final to Boris Becker and West Germany. Until this year, Sjögren's teams had come no closer.

"This is a classic Swedish team, with team spirit," he said after his players tossed him on the air.

The left-handed Apell and right-handed Björkman had won the doubles in the team's earlier Davis Cup rounds against Denmark, France and the United States.

Favored to win here, they outscored the Russians (11 wins and service winners to seven)

and won more points (32-15) at the net. But the match could have gone either way.

Kafelnikov, Russia's top player, played brilliantly, even after exhausting himself Friday and hurting his left wrist in a fall. The Swedes tried to keep the ball from him, but he scored often with sharp service returns.

Sweden held every service until the fourth set. Then the Russians broke Björkman twice and evened the match.

With the decisive set tied at two games apiece and 10,000 spectators roaring, Russia hewed advantage three times; Apell held service when Olhovskiy volleyed into the net and, on the next point, Björkman landed a smash at Kafelnikov's feet.

That was the point, Apell said, when Russia's momentum ran out. Each side held service until Olhovskiy double faulted to set up match point, and Kafelnikov's easy forehand from the net went wide.

Kafelnikov, 20, afterward cited the "huge psychological pressure for us" to win.

Sjögren had another explanation. "Apell and Björkman did a great job," he said. "They were very hungry."

(Reuters, LAT)



Coach John Anders Sjögren, got a lift into retirement.

## La Bomba Tomba Still Has a Bang

Compiled by Our Staff From Dispatches

TIGNES, France — Three-time Olympic gold medalist Alberto Tomba began what he has said will be his last season of competition in the best way: with another slalom victory.

Tomba, who won two golds in the 1988 Olympics and another in the 1992 Winter Games, was timed in 1 minute, 41.84 seconds for the two runs down the course with a drop of 185 meters (605 feet). He beat Michael Tritscher of Austria by 1.02 seconds.

Tritscher, eighth after the first run, had the best time in the second run, 50.71, to move up with a time of 1:42.86.

Thomas Fogdor of Sweden was third in 1:43.03.

It was the 34th World Cup victory for the 27-year-old Tomba and his 23rd in the slalom.

He is now fourth overall in World Cup victories and can catch Pirmin Zurbriggen (40) and Marc Girardelli (43) if he has an exceptional year. But the all-time leader is Ingemar Stenmark with 84.

Tomba had the fastest time in the second heat of Saturday's giant slalom, by almost a second, as he moved from 22nd place to fourth. Liechtenstein's Achim Vogt, with only two top 10 finishes in his career, won that race, the men's first this season.

Vogt was timed in 2:30.76,

just ahead one of his training partners, Switzerland's Michael Von Gruenigen, who was clocked 2:30.92 for the two runs.

Third was last year's overall World Cup winner, Kjetil-Arn Andre Aamodt of Norway, with a total time of 2:31.20.

If Tomba started the new season the way he finished the previous one — he won the final two slaloms — his main rivals for the overall title, Aamodt and Luxembourg's Girardelli, were less impressive.

Aamodt was seventh in Sunday's slalom. Girardelli, a five-time World Cup winner, failed to qualify for the second leg of the giant slalom and just made it into the top 30 on Sunday.

Thomas Fogdor of Sweden was third in 1:43.03.

It was the 34th World Cup Cup victory for the 27-year-old Tomba and his 23rd in the slalom.

He is now fourth overall in World Cup victories and can catch Pirmin Zurbriggen (40) and Marc Girardelli (43) if he has an exceptional year. But the all-time leader is Ingemar Stenmark with 84.

Tomba had the fastest time in the second heat of Saturday's giant slalom, by almost a second, as he moved from 22nd place to fourth. Liechtenstein's Achim Vogt, with only two top 10 finishes in his career, won that race, the men's first this season.

Vogt was timed in 2:30.76,

Slovenia's Jure Kosir, one of the prerace favorites, was fourth fastest in the first leg, but missed a gate in the second.

Tomba, 27, said he did not expect to do so well so early in the season and that his disappointing first run in the giant slalom had perhaps given him the motivation he needed.

"I felt very frustrated after that run, especially as the course was too flat for me," he said. "Then, winning the giant's second run and taking fourth place overall was a great morale booster for the slalom."

He led after Sunday's first run by .17 seconds, but said he wasn't happy.

"The first run the gates were set too far apart. It was like a

super slalom," Tomba said. "I was surprised I did so well. I didn't expect it."

He had a 50.81 time on the second run, second only to Tritscher.

The men opened their competition this weekend after races in three countries were canceled for lack of snow. Tignes is one of the few places in Europe to be able to handle a race, with its an altitude of more than 2,600 meters.

The International Skiing Federation will decide possibly Monday on whether to hold races scheduled in Austria, Italy and Switzerland, and whether to reschedule the canceled races at Tignes or the nearby Val d'Isere.

(AP, Reuters)

## Zeller-Bähler Wins 2d Giant Slalom

The Associated Press

VAIL, Colorado — Swiss veteran Heidi Zeller-Bähler rallied from third place after the first run Sunday to win the women's World Cup giant slalom.

Zeller-Bähler, who posted her first World Cup victory in a giant slalom last week at Park City, Utah, solidified her hold on first place in this season's overall standings.

Teammate Vreni Schneider had a ragged start on her second run and had to settle for second place, and Marianne Kjorstad of Norway was third.

Zeller-Bähler, 27, in her 10th season on the World Cup circuit, began the second run 51-hundredths behind first-run leader Urska Hrovat, 20, of Slovenia, but posted the fastest second run of 1 minute, 7.01 seconds for a combined time of 2:14.86.

Schneider, runner-up after the first heat, could do no better than 1:07.28 for her second run and finished at 2:15.08.

Hrovat nearly lost control early in her second run. Her time of 1:08.52 dropped her to fifth place.

Kjorstad had a combined time of 2:15.44, and Birgit Heed of Liechtenstein placed fourth in 2:15.74.

In Saturday's World Cup women's race:

group of elderly skiers to win on the circuit.

Eder, in her 15th and final season of racing, came out of the 19th start position to post a time of 1 minute, 21.26 seconds.

Stallmaier, starting 33rd, then fashioned a brilliant run that was just two-hundredths of a second slower than Eder's. Stallmaier, 28, was seeking her first World Cup victory.

Heidi Zeller-Bähler of Switzerland finished third in 1:21.59.

## Several Women Seriously Hurt

The Associated Press

VAIL, Colorado — The women's circuit experienced a rash of injuries, several serious, on its second week of competition.

Annamarie Gerg of Germany tore two ligaments in her right knee, as well as breaking a finger and incurring facial cuts, when she crashed into a fence during Friday's downhill.

The torn anterior cruciate and medial collateral ligaments will require surgery, ending her season, according to a team spokesman. Gerg has returned home.

Also sent home was Melanie Suchet of France, who tore two ligaments in her right knee.

Two Slovenian skiers were injured, with Nives Sitar breaking both arms and suffering knee ligament damage in a fall during training. Mojca Suhadolic, after incurring a blow to the head in a fall in the downhill race, was hospitalized overnight for observation and did not compete in Saturday's super-G.

Austria's Anja Haas crashed in the downhill and strained knee ligaments, which should sideline her four to six weeks. She was sent home, but officials said they hoped to avoid surgery.

Less seriously injured was 18-year-old Canadian Melanie Turgeon, who aggravated shin splints during training and has been advised to take three weeks off to rest the nagging injury.

## NASDAQ.NATIONAL MARKET

Consolidated trading for week ended Friday, Dec. 4. (Continued)

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg

Stocks Div Yield Sales 100% High Low Chg Chg



# MONDAY SPORTS

## No. 1 UMass Falls To No. 7 Kansas

Compiled by Our Staff From Dispatches

Another top-ranked college basketball team fell with a thud over the weekend, a victim of wretched shooting and a relentless opponent.

Lou Roe tried desperately to carry No. 1 Massachusetts on his back, but the Minutemen proved to be a heavy burden down the stretch and No. 7 Kansas pulled away for an 81-75 victory Saturday in the first game of the John R. Wooden Classic in Anaheim, California.

No. 5 UCLA brought down No. 3 Kentucky in the second game.

So, there will be a new No. 1 this week.

Roe did his part to keep UMass on top, but he couldn't guard all five Jayhawks alone. Or score over them either.

He had 33 points and 10 rebounds, often dominating the

COLLEGE HIGHLIGHTS

taller Jayhawk front line, but Roe's teammates abandoned him late in the game. Against previously top-ranked Arkansas on Nov. 25, Roe scored 34 points and had 13 rebounds in overwhelming the Razorbacks' Corliss Williamson. He also had help in the 24-point victory. In this game, he did not.

Against Kansas, the 6-foot-7 (2-meter) forward made a respectable 13 of 25 shots from the field. His teammates threw up bricks, however, making only 17 of 52.

At times, the highly-touted sophomore center Marcus Camby seemed invisible. Jayhawk big men Raef LaFrentz, who had a team-high 18 points, Greg Ostertag and Scot Pollard dominated the second half.

Camby, who had 13 points and 12 rebounds against the defending NCAA champion Arkansas, had two points and five rebounds against Kansas.

Two free throws by Jackie Vannah and three-point basket by Jerod Haase in the game's final 1:14 helped Kansas seal the victory.

"It was apparent today that we can't beat the top teams with only one guy," the UMass guard Derick Kellogg said.

UMass Coach John Calipari pointed to his team's woeful shooting and the Jayhawks' remarkable intensity as the deciding factors. "I thought we got outplayed, outmatched and out-coached," Calipari said. "We have shot better. It takes great balance to beat a Kansas or an Arkansas and you can't beat them with one player."

No. 5 UCLA 82, No. 3 Kentucky 81: UCLA freshman J.R. Henderson wasn't even born when the Bruins and Kentucky last played nearly 20 years ago for the NCAA championship. So he was hardly nervous stepping to the line with six-tenths of a second remaining and the game in his hands. Henderson hit two free throws to give UCLA the one-point edge.

"I'm not the one to get real nervous," Henderson said. "As soon as the first one was over, that was the big one." Kentucky called a time-out, sending Henderson to the bench to consider the pressure. Instead, the 18-year-old smiled and told senior teammate Ed O'Bannon that his second attempt would be "no problem." Indeed, it wasn't. Henderson took the line, and the net swallowed his shot.

"I was on the bench and I saw the second one in already in my mind," he said.

The two schools hadn't played each other since the 1975 NCAA title game, which the Bruins won, 92-85, for the last of coach John Wooden's record 10 championships.

After No. 7 Kansas beat No. 1 Massachusetts, in the opener, and with Wooden watching the doubleheader, the Bruins took advantage of Kentucky's foul trouble and exerted strong defensive pressure to come back in the final minutes.

Kentucky led by 10 with about 11 minutes in play and was up 77-71 with 3:40 to go before UCLA rallied.

It was the lack of interior defense that hurt the Wildcats, Kentucky's coach, Rick Pitino, said.

O'Bannon led UCLA with 26 points, while Zidek had 16 points and 10 rebounds. Kentucky got 16 points from Rodrick Rhodes and 14 from Jeff Sheppard.

Tony Delk, the Wildcats' leading scorer with a 17.0 average, went to the bench with two fouls in the game's opening two minutes.

No. 2 North Carolina 86, No. 10 Cincinnati 76: In Charlotte, North Carolina sophomore Jeff McInnis scored a career-high 23 points, and North Carolina survived second-half foul trouble to win the Tournament of Champions. McInnis scored 16 of his points in the second half, including 17 of 21.

No. 4 Arkansas 94, Missouri 71: In Columbia, Missouri, Scotty Thurman scored 27 points and hit two of five 3-pointers in a 32-second span in the second half to break up a close game, as Arkansas defeated Missouri. Clark McDaniel added 20 points for Arkansas as the Razorbacks ended the Tigers' 17-game home winning streak.

No. 6 Duke 70, Illinois 65: In Chicago, freshman guard Trajan Langdon scored all 12 of his points in the second half as the Blue Devils fought off the Illini to continue their mastery of Big Ten competition. Duke scored the final six points in the first college game at the United Center.

No. 8 Florida 81, No. 21 Wake Forest 70: In Greensboro, North Carolina, Dan Cross scored 27 points to lead Florida to victory. The Gators held Wake Forest to one shot on most of its possessions, then maintained that control to keep the Demon Deacons from making a run in the second half.

Only Florida's inconsistent ball-handling — 19 turnovers — kept it from opening a bigger margin and the Gators' stifling man-to-man defense quieted the outside shooting of Randolph Childress. Wake Forest's prime offensive threat, the

Iowa 91, No. 14 Ohio University 75: In Iowa City, Iowa, Jess Settler scored 26 points as the host surprised Ohio and won the Hawkeye Invitational championship for the 12th time in 13 attempts. The Bobcats have lost two of its last three games.

No. 19 Georgetown 74, DePaul 68: In Landover, Maryland, freshman guard Allen Iverson scored 16 of his team's high 31 points in the closing 6:54 to help boost Georgetown past DePaul. (LAT, AP)



Timothy Clary/Agence France-Presse

## Florida Derails Alabama's National Title Chase

By Malcolm Moran  
New York Times Service

ATLANTA — Alabama's hopes for a perfect season, and a chance to win a second national championship in three years, came crashing down in the Georgia Dome, where the Florida Gators answered two questions.

Once and for all, they demonstrated that they could come from behind, and that they could win a close game.

The Gators beat the Crimson Tide, 24-23, on Saturday to win the Southeastern Conference championship game on Chris Doering's 2-yard touchdown catch from the shaken quarterback Danny Wuerffel, then Eddie Lake's interception of Jay Barker's pass with 51 seconds to play.

Alabama, which had been tied or behind during the second half in 7 of its 11 victories this season, finally ran into a comeback it couldn't pull off.

"I thought we'd pull it out again, like we've done before," said Barker, whose

right shoulder had been injured during the first half.

Florida (10-1-1) won a second consecutive SEC title for the first time in school history. The Gators advanced to the Sugar Bowl, where they will play a rematch against Florida State. Alabama (11-1) will receive as consolation prize a spot in the Florida Citrus Bowl against Ohio State.

Alabama was given the lead with 5 minutes, 29 seconds to play when linebacker Dwayne Rudd returned a deflected pass by Wuerffel 23 yards for a touchdown. Wuerffel could have thrown a short pass over the middle to running back Fred Taylor, but chose to throw to his right, toward Aubrey Hill. Sophomore cornerback Cedric Samuel hit Hill, causing the ball to pop into the air and hop off the top of Samuel's helmet.

Rudd picked it off on the carom and ran up the left sideline for the 23-yard touchdown that gave the Tide its first lead since the first quarter.

But even as the Alabama fans in the record Georgia Dome crowd of 74,751 celebrated, the Tide's coach, Gene Stallings, made a decision that would soon give the Gators a chance to regain the lead.

Leading by 5 points after the touchdown, Stallings decided to have kicker Michael Proctor, who had made field goals of 22, 47, and 48 yards, kick the extra point for a 23-17 lead.

The Gators quickly took advantage by producing an 80-yard drive that ended with Doering's reception of Wuerffel's quick pass from the 2-yard line to give Florida the lead.

Jack Jackson, the junior wide receiver who led the Gators with 56 receptions and 15 touchdowns in 11 games, had left the game with a dislocated shoulder after catching a 5-yard pass on Florida's third play of the game.

• Kurt Heis' 52-yard field goal with 6:19 left gave Army a 22-20 victory over Navy in Philadelphia. It was the Cadets' fourth defeat of the Midshipmen in the last five years. Heiss, a senior whose

previous best was a 37-yard field goal, was also good from 21 and 35 yards as Army took a 45-23-7 lead in the series.

Quarterback Ronnie McAda rushed for 126 yards as Army (4-7) won by running up the middle against Navy (3-8). The Cadets ran for 373 yards on 70 carries. Kevin Vaughn carried 20 times for 92 yards, 80 in the second half.

Jim Kubik, Navy's career passing leader, was 24-of-34 for 361 yards, two touchdowns and three interceptions.

On the previous possession, the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

On the previous possession,

the Patriots had a fourth-and-7 at the New York 31. Punter Pat O'Neill lined up for a field goal.

A fake field goal that turned

into a punt pinned the Jets at their 1-yard line. After Richie Anderson ran twice for 4 yards, Bonner Esiason threw near Ryan Yarborough on the left side. Reynolds cut in front, caught the ball and cruised to the touchown of the year.

</div

